FISCAL YEAR

2019-20

Comprehensive Annual Financial Report

City of McKinney, Texas

Fiscal Year Ended September 30, 2020

McKINNEY TEXAS
Unique by nature.

www.McKinneyTexas.org

McKINNEY®
TEXAS
Unique by nature.

Comprehensive Annual Financial Report

Fiscal Year Ended
September 30, 2020

As Prepared By

Financial Services

McKINNEY®
TEXAS
Unique by nature.

City of McKinney, Texas

Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020
Table of Contents

	Page
Introductory Section	
Letter of Transmittal	vii
GFOA Certificate of Achievement	xiv
Organization Chart	xv
City Officials	xvi
Financial Section	
Independent Auditor's Report	3
Management's Discussion and Analysis	7
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	27
Statement of Revenues, Expenditures, and Changes in Fund Balances	28
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	30
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual- General Fund	31
Proprietary Fund Financial Statements	
Statement of Net Position	32
Statement of Revenues, Expenses, and Changes in Fund Net Position	34
Statement of Cash Flows	35
Fiduciary Fund Financial Statements	
Statement of Agency Assets and Liabilities	36
Discretely Presented Component Units:	
Statement of Net Position	37
Statement of Revenues, Expenses, and Changes in Fund Net Position	38
Notes to the Basic Financial Statements	41
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios - TMRS	84
Schedule of Contributions - TMRS	86
Schedule of Changes in the City's Total OPEB Liability and Related Ratios - Retiree Health Care Plan	88
Schedule of Changes in the City's Total OPEB Liability and Related Ratios - Supplemental Death Benefit Fund	89
Combining and Individual Fund Financial Statements and Schedules	
Budgetary Comparison Schedule (GAAP Basis)- Debt Service Fund	92
Budgetary Comparison Schedule (GAAP Basis)- Capital Projects Fund	93
Budgetary Comparison Schedule (GAAP Basis)- Grants Fund	94

City of McKinney, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020
Table of Contents

	Page
Nonmajor Governmental Funds	
Listing of Nonmajor Special Revenue Funds	95
Combining Balance Sheet	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	98
Budgetary Comparison Schedule (GAAP Basis)- Hotel/Motel Fund	100
Budgetary Comparison Schedule (GAAP Basis)- Law Enforcement Fund	101
Budgetary Comparison Schedule (GAAP Basis)- Donations Fund	102
Budgetary Comparison Schedule (GAAP Basis)- Community Housing Fund	103
Budgetary Comparison Schedule (GAAP Basis)- Urban Transit District Fund	104
Budgetary Comparison Schedule (GAAP Basis)- TIRZ 1 Fund	105
Budgetary Comparison Schedule (GAAP Basis)- TIRZ 2 Fund	106
Budgetary Comparison Schedule (GAAP Basis)- PEG Cable Channel Fund	107
Nonmajor Enterprise Funds	
Listing of Nonmajor Enterprise	109
Combining Statement of Net Position	110
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	111
Combining Statement of Cash Flows	112
Fiduciary Funds	
Statement of Changes in Agency Assets and Liabilities	115
Discretely Presented Component Units	
Listing of Discretely Presented Component Units	117
Combining Balance Sheet- McKinney Economic Development Corporation	118
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position- McKinney Economic Development Corporation	119
Combining Statements of Revenues, Expenditures and Changes in Fund Balance- McKinney Economic Development Corporation	120

City of McKinney, Texas

Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020
Table of Contents

	Page
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities- McKinney Economic Development Corporation	121
Balance Sheet- McKinney Community Development Corporation	122
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position- McKinney Community Development Corporation	123
Statement of Revenues, Expenditures and Changes in Fund Balance- McKinney Community Development Corporation	124
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities- McKinney Community Development Corporation	125
Balance Sheet- McKinney Convention and Visitors Bureau	126
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position- McKinney Convention and Visitors Bureau	127
Statement of Revenues, Expenditures and Changes in Fund Balance- McKinney Convention and Visitors Bureau	128
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities- McKinney Convention and Visitors Bureau	129
Balance Sheet- McKinney Main Street	130
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position - McKinney Main Street	131
Statement of Revenues, Expenditures and Changes in Fund Balance- McKinney Main Street	132
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities - McKinney Main Street	132

Statistical Section	Table	
Statistical Section Table of Contents		136
Net Position By Component	1	137
Changes in Net Position	2	139
Fund Balances, Governmental Funds	3	143
Changes in Fund Balances, Governmental Funds	4	145
Assessed Value of Taxable Property	5	147
Direct and Overlapping Property Tax Rates	6	148
Principal Tax Payers	7	149
Ad Valorem Tax Levies and Collections	8	150
Ratio of Outstanding Debt By Type	9	151
Ratio of General Bonded Debt Outstanding	10	152
Legal Debt Margin Information	11	153
Direct and Overlapping Governmental Activities Debt	12	154
Pledged-Revenue Coverage	13	155
Demographic and Economic Statistics	14	156
Principal Employers	15	157
Full-Time Equivalent City Government Employees By Function/Program	16	158
Operating Indicators By Function/Program	17	159
Capital Asset Statistics By Function/Program	18	161

McKINNEY®
TEXAS
Unique by nature.

Introductory Section

McKINNEY®
TEXAS
Unique by nature.

February 10, 2021

Honorable Mayor and City Council,
City Manager,
Citizens of McKinney:

The Comprehensive Annual Financial Report (CAFR) of the City of McKinney, Texas (the City), for the fiscal year ended September 30, 2020, is hereby submitted in accordance with Section 46 of the City Charter.

This report provides the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Weaver & Tidwell, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of McKinney's financial statements for the year ended September 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

CITY OF MCKINNEY PROFILE

The City of McKinney, incorporated in 1848, is located in central Collin County, Texas, 30 miles north of downtown Dallas, on U.S. Highway 75. The City currently occupies a land area of 68 square miles and serves a population of approximately 198,507 as of January 1, 2021. The City is empowered to levy property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by voluntary annexation, which occurs periodically, when deemed appropriate by the landowner and governing council.

The City Council is comprised of a mayor and six members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, and Municipal Judges. The mayor and the council members are elected on a non-partisan basis. Both the mayor and council members serve four-year terms. Four of the council members are elected by district. The mayor and the two remaining council members are elected at large. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the directors and heads of departments, and the performance of functions within the municipal organization.

The City of McKinney provides a full range of services including police, fire, emergency ambulance service, library, parks, recreation, water, sewer, airport, refuse collection and disposal, golf, traffic engineering, streets and infrastructure, community development (planning and zoning), economic development, public improvements, and general administrative services.

The financial reporting entity includes all funds of the primary government (i.e., the City of McKinney as legally defined), as well as the McKinney Urban Transit District, a separate legal entity. The McKinney Urban Transit District is included in governmental activities. Additionally, the financial statements include McKinney Economic Development Corporation (MEDC), McKinney Community Development Corporation (MCDC), McKinney Convention and Visitors Bureau (MCVB), McKinney Housing Finance Corporation (MHFC), and McKinney Main Street (MMS). These separate legal entities are reported as discrete component units on the government-wide statements.

LOCAL ECONOMY

McKinney has been one of the fastest growing cities in America since 2000. The City currently estimates population at 198,507. Compared to 131,000 in the 2010 census and 54,000 in the 2000 census, this is an increase of 52% and 268%, respectively.

This growth is due in large part to corporate relocations in McKinney's neighboring cities, including Toyota, State Farm Insurance, Liberty Mutual Insurance and the Dallas Cowboys. These major employers in Collin County create a positive economic overflow for McKinney through increased residential demand resulting in higher assessed values on property. In perspective, McKinney's assessed taxable values have increased 118% since fiscal year 2011.

In an effort to spur our economic growth in McKinney, the City works in conjunction with MEDC and MCDC to make McKinney rich with industry. McKinney is the home to major medical technology, data management, manufacturing, aviation, defense, mixed-use, office and retail. Companies range from Fortune 500 corporations to home-grown businesses. The impressive list includes Raytheon, Encore Wire, Baylor Medical Center at McKinney, Medical Center of McKinney, Torchmark/United American Insurance, UPS, PACCAR, Independent Bank, Costco, SRS Distribution and Service First Mortgage.

The small business community is equally important to the vitality of McKinney's economy. McKinney's 172-year old city center, one of the oldest authentic historic downtowns in Texas, serves as a thriving retail, dining, entertainment and business destination with over 150 unique small businesses. In 2020, the City partnered with Tupps Brewery to expand its brewery operations to the City's historic grain site. This will create a unique destination within McKinney and be a catalyst for development on the city's east side.

The City also purchased the 310 space multi-deck public parking garage that provides additional parking for the downtown area.

McKinney's growth and development over the past decade have been built on a strong foundation of overall planning, management, quality of life, and policy direction. All in all, the picture of McKinney is one of a vital community, facing the economic challenges and opportunities of the future with optimism and forethought.

LONG-TERM FINANCIAL PLANNING

The City prepares ten-year financial plans for the General Obligation Debt Service Fund and the General Fund. These longer range planning documents help capture the larger scope of projects that will accommodate and foster future growth, while maintaining financial stability. Both plans are updated and reviewed annually by Council during the budget process.

In 2019, the City completed a long-term water/wastewater rate study that included capital improvement needs in the foreseeable future. This study again made rate suggestions to include passing through all North Texas Municipal Water rate increases at a minimum, which continues to be adopted by the City Council since first proposed in 2016 and is revisited on an annual basis during the budget process.

GENERAL OBLIGATION DEBT SERVICE LONG-TERM FINANCIAL PLAN

This ten-year plan was developed and adopted to pair the City's long-term debt capacity with the City's capital project financing needs. This plan is being used to guide a 2019 bond referendum for voter authorization towards projects planned over the next ten years.

Revenues for the plan, which come from property taxes, are projected at conservative levels and are compared to future estimates of debt service payments. The primary variables are the rate of increase in property tax, debt issuances and new capital improvement projects planned during the projection period. It is the City's policy that the percentage of tax rate allocated to debt services will not be more than 35%.

GENERAL FUND LONG-TERM FINANCIAL PLAN

This plan accounts for the future operating needs of the General Fund. It takes into consideration increased operational demands as result of McKinney's expected population growth, as well as the operational impact of the capital projects outlined in the General Obligation Debt Service Long-Term plan.

Revenues for the General Fund plan are projected at conservative levels and are compared to expenditure increase estimates. The primary variables are the rate of increase in revenues and new projects or programs planned during the projection period. The City's General Fund revenue primarily comes from property taxes, sales tax and franchise fees. The remainder comes from licenses/permits, charges for service, fines and interest income.

FIVE-YEAR CAPITAL IMPROVEMENT PLAN

During the annual budget process, the City of McKinney publishes a capital improvement plan, which outlines the first five years of projects contained within the General Obligation Debt Service Long-Term financial plan and the water/wastewater rate study.

The City annually evaluates the need to issue debt using the five-year capital improvement plan, staying within the guidelines of the approved debt policy and the General Obligation Debt Service ten-year financial plan.

RELEVANT FINANCIAL POLICIES

The City's financial policies set forth the basic framework for the fiscal management of the City. These include policies for accounting, budgeting, capital improvements, asset management, revenue management, and fund balance/reserve levels. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code and the City of McKinney City Charter. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

The City's accounting records for general governmental activities are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) compliance with all applicable rules, regulations and contractual requirements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the fund level. All annual appropriations lapse at fiscal year-end. Under the City's budgetary process, outstanding encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be re-appropriated and honored the subsequent fiscal year.

The annual budget serves as the foundation for the City of McKinney's financial planning and control. All requests for appropriation by the departments, divisions, and component units of the City of McKinney shall be furnished to the City Manager on or before August 1st each year. A proposed budget is presented to the City Council for review on or before August 15th. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Transfer of appropriations within a department and within funds may be made with approval from the City Manager or his designee. Transfers between funds or additional appropriation require the approval of the City Council.

MAJOR INITIATIVES

The City of McKinney undertakes major initiatives based on City Council goals and strategies, dubbed as "McKinney First." These are the building blocks for McKinney's success.

MAXIMIZING THE POTENTIAL OF THE MCKINNEY NATIONAL AIRPORT

The City of McKinney is devoted to growing the present and future economic wealth within the City, and the McKinney National Airport is a driving force in keeping pace with the economic trends in North Texas. The McKinney National Airport landed a $15 million grant from the Texas Department of Transportation to expand its runway by 1,500 feet. Extending the runway will benefit the entire DFW area by allowing the airport to more effectively serve its roles as a reliever for the region's commercial service airports. Although the COVID-19 pandemic had a negative impact on the aviation industry, the McKinney National Airport was able to keep hangar and office leases at 100% occupancy.

DIRECTION FOR STRATEGIC AND ECONOMIC GROWTH

The City of McKinney, in partnership with MEDC and MCDC, provides development incentive agreements to businesses that will improve the economic and social well-being of its citizens. Major projects incentivized in 2020 include, SRS beginning construction on their four-story 100,000 square-foot corporate office, Raytheon relocating their Space and Airborne Systems division to McKinney, and McKinney National Business Park finishing development on a 150,000 square foot light industrial building.

ENHANCE THE QUALITY OF LIFE IN MCKINNEY

The City of McKinney is committed to leisure and recreational opportunities that enrich the quality of life for residents and visitors. The expansion project of the John & Judy Gay Library is now complete and has doubled the public access space to include additional teen, adult and toddler areas, two multipurpose rooms, outdoor program space and additional parking. The twelve court Gabe Nesbitt Tennis Center expansion is complete. Design is now underway for a six court indoor tennis facility. Replacement of playground equipment at various parks throughout the City continues.

OPERATIONAL EXCELLENCE

The City of McKinney holds transparency to be one of its highest values in achieving operational excellence. The city offers substantial transparency measures in an ongoing effort to provide a more open government and continues to add more ways residents can learn about city activities. The City maintains a transparency page on its website which offers news, projects, financial information, agendas, legal updates, hot topics, and other initiatives in one location. The site also includes an interactive financial reporting tool and a performance insight tracking tool to show how city departments are performing against City Council and department goals.

CAPITAL PROJECT INITIATIVES

For Fiscal Year 2020, major project initiatives for the City of McKinney included completion of Fire Station #10 in Trinity Falls with services beginning in spring 2020, and the purchase of a building to serve as a new location for a Public Works complex. Other initiatives included the Old Settler's Recreation Center renovation, as well as the expansion of the City's Senior Center. In addition, design and construction continued for various water and street improvements throughout the City.

For Fiscal Year 2021, major project initiatives will include stormwater erosion mitigation at the airport, as well as the continuation of the Airport's Runway Expansion project in conjunction with a TXDOT/FAA grant. Other initiatives include Fire Station #8 reconstruction and the design of a new Fire Department Administration facility. Renovations to various athletic fields and parks throughout the City continue. Numerous street and water/wastewater improvement projects are moving forward to support population expansion as well as addressing some of our aging infrastructure needs.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McKinney for its CAFR for the fiscal year ended September 30, 2019. This was the thirty-sixth consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

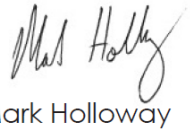
A Certificate of Achievement is valid for a period of one year only. The current CAFR will be submitted to the GFOA where we expect it to meet the Certificate of Achievement eligibility requirements.

The City also received the GFOA's Award for Distinguished Budget Presentation for its annual program of services dated October 1, 2019. This is the thirty-sixth consecutive year the City has received the award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories including policy document, financial plan, operations guide, and communications device.

Also, in 2020, McKinney maintained its five Texas Comptroller of Public Accounts Transparency Stars for Traditional Finances, Debt Obligations, Contracts and Procurement, Economic Development, and Public Pensions. This award program recognizes local governments across Texas for going above and beyond in their transparency efforts. The Texas comptroller received one hundred and eighty applications from local entities, of which only twelve received the maximum five Transparency Stars.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department, our Audit Committee, and our independent auditors. We would like to express our sincere appreciation to those persons who have made possible the publication of this report. Credit also must be given to the Mayor, City Council and the City Manager's Office for their support for maintaining the highest standards of professionalism in the management of the City of McKinney's finances.

Respectfully Submitted,



Mark Holloway
Chief Financial Officer

McKINNEY®
TEXAS
Unique by nature.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

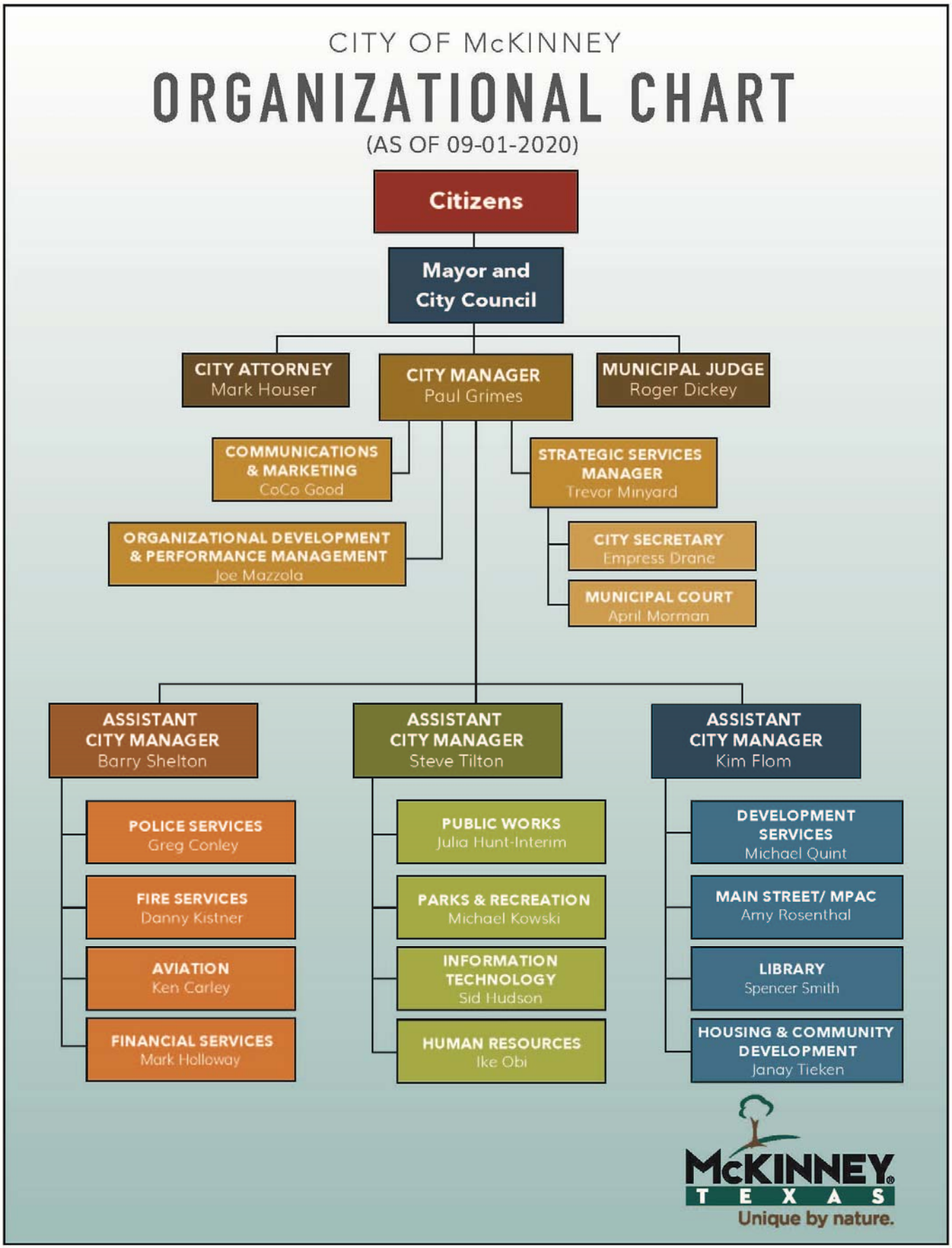
City of McKinney
Texas

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO


CITY OF McKINNEY
ORGANIZATIONAL CHART
(AS OF 09-01-2020)
Citizens
Mayor and City Council
CITY ATTORNEY
Mark Houser
CITY MANAGER
Paul Grimes
MUNICIPAL JUDGE
Roger Dickey
COMMUNICATIONS & MARKETING
CoCo Good
STRATEGIC SERVICES MANAGER
Trevor Minyard
ORGANIZATIONAL DEVELOPMENT & PERFORMANCE MANAGEMENT
Joe Mazzola
CITY SECRETARY
Empress Drane
MUNICIPAL COURT
April Morman
ASSISTANT CITY MANAGER
Barry Shelton
ASSISTANT CITY MANAGER
Steve Tilton
ASSISTANT CITY MANAGER
Kim Flom
POLICE SERVICES
Greg Conley
FIRE SERVICES
Danny Kistner
AVIATION
Ken Carley
FINANCIAL SERVICES
Mark Holloway
PUBLIC WORKS
Julia Hunt-Interim
PARKS & RECREATION
Michael Kowski
INFORMATION TECHNOLOGY
Sid Hudson
HUMAN RESOURCES
Ike Obi
DEVELOPMENT SERVICES
Michael Quint
MAIN STREET/ MPAC
Amy Rosenthal
LIBRARY
Spencer Smith
HOUSING & COMMUNITY DEVELOPMENT
Janay Tieken
McKINNEY TEXAS
Unique by nature.

City of McKinney, Texas
City Officials

CITY COUNCIL

George Fuller, Mayor
Rainey Rogers, Mayor Pro-Tem
Angela Richardson-Woods
Scott Elliott
Rick Franklin
Charlie Philips
Frederick Frazier

CITY MANAGER

Paul Grimes

ASSISTANT CITY MANAGERS

Kim Flom
Barry Shelton
Steve Tilton

CHIEF FINANCIAL OFFICER

Mark Holloway

Financial Section

McKINNEY®
TEXAS
Unique by nature.

weaver
Assurance • Tax • Advisory

Independent Auditor's Report

Members of the City Council
City of McKinney, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of McKinney, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof and the statement of revenues, expenditures, and changes in fund balances-budget and actual-general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during fiscal year 2020, the City re-evaluated the presentation of MHFC in accordance with GASB Statement No. 61: The Financial Reporting Entity: Omnibus- An Amendment of GASB Statements No. 14 and 34. The reevaluation changed the presentation of the McKinney Housing Finance Corporation presentation from blended component unit special revenue fund to discretely presented enterprise fund during the year ended September 30, 2020. Consistent with GASB Statement No. 62: Codification of Accounting and Financial Reporting Guidance Contained Pre-November 30, 1989 FASB and AICPA Pronouncements, paragraph 62 which addresses reporting a change in entity the City has restated the fiscal year 2019 financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules, the introductory section, and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Members of the City Council
City of McKinney, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 10, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 10, 2021

McKINNEY®
TEXAS
Unique by nature.

Management's Discussion and Analysis

As management of the City of McKinney, we offer readers of the City of McKinney financial statements this narrative overview and analysis of the financial activities of the City of McKinney for the fiscal year ended September 30, 2020. Please read this in conjunction with the transmittal letter at the beginning of the report and the City's financial statements following this section.

I. FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of McKinney exceeded its liabilities and deferred inflows of resources at September 30, 2020, by $1,283 million (Net Position). Of this amount, $1,000 million (78%) are invested in capital assets which do not directly generate revenue and are not available to generate liquid capital. Net position restricted for specific purposes total $125 million (10%). The remaining $158 million (12%) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of McKinney's net position increased by $84 million or 7%. Unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors, decreased by $5 million or 3%.
- At the close of the current fiscal year, the City of McKinney's governmental funds reported combined ending fund balances of $335 million, an increase of $31 million in comparison to the prior year. Approximately $68 million, or 20%, of the fund balance is available for spending at the government's discretion (unassigned fund balance).
- Within the combined fund balances, $5.0 million is nonspendable for inventory and prepaid items. Fund balance is restricted in the amounts of $7.3 million for debt service, $223.7 million is for street construction and other capital projects, and $8.7 million for courts, grants and the other external constraints of special revenue funds. Assignments of fund balance have been made in the amounts of $6.6 million for other postemployment benefits (OPEB), $14.4 million for capital equipment replacement, $0.5 million for disaster relief and $0.4 million for public and performing arts. The remaining $68.2 million is unassigned fund balance and can be used for any lawful purpose. The unassigned fund balance is equal to 44% of total general fund expenditures. This represents 19% more than the fund balance policy requirement of 25%.
- On a government-wide basis, the City's total liabilities increased by $35.6 million or 6% during the current fiscal year. Major contributable factors include debt issuances resulting in net increase of $40.6 million increase to bonds payable including associated changes in bond premiums. Additionally, the City experienced a decrease in the net pension liability of $16.9 million primarily resulting from the depression of investment market conditions as of the actuarial measurement date of December 31, 2019.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the City of McKinney's basic financial statements. The City of McKinney's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government – Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of McKinney's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of McKinney's assets, deferred outflows of resources and liabilities, with the difference between the total of assets and deferred outflows of resources and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of McKinney is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including administrative, police, fire, development, public works, parks, and library. Property taxes, sales taxes, hotel occupancy taxes, franchise fees, licenses and permit fees finance most of these activities.

- **Business-type Activities** – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and wastewater system, solid waste system, airport, golf course and surface water drainage system are reported here.

- **Component Units** – The City includes five separate legal entities in its report –McKinney Economic Development Corporation, McKinney Community Development Corporation, McKinney Convention and Visitors Bureau, McKinney Main Street, and McKinney Housing Finance Corporation. Although legally separate, these component units are important because the City is financially accountable for them.

The government-wide financial statements can be found on pages 21-23 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of McKinney, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of McKinney can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- **Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

  The City of McKinney maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund and grants fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of McKinney adopts an annual appropriated budget for its general fund, debt service fund, capital projects fund, grants fund and non-major special revenue funds. Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 24-31.

- **Proprietary Funds.** The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. There are two types of proprietary funds: enterprise funds and internal service funds. The City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Because these services benefit both governmental as well as business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

  The City of McKinney maintains five individual enterprise funds to account for its water and wastewater, airport, solid waste, golf course, and surface water drainage. The water and wastewater fund and airport fund are considered major funds, while the solid waste fund, golf course fund and surface water drainage fund are considered as non-major funds of the City. Individual fund data for each of these funds is provided in the form of combining statements in this report.

  The City of McKinney uses the internal service funds as an accounting device to accumulate and allocate costs internally among the City's various functions. The City maintains one internal service fund to account for the claims of the City's self-funded insurance program and risk management program.

  The basic proprietary fund financial statements can be found on pages 32-35.

- **Fiduciary Responsibilities.** The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners and others. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. The activities of these funds are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

  The basic fiduciary fund financial statements can be found on page 36.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-82.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City of McKinney's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees, which can be found on pages 84-89.

The combining statements referred to earlier in connection with the non-major governmental funds, non-major enterprise funds and discretely presented component units are presented immediately following the required supplementary information on pensions. Combining statements and individual fund statements can be found on pages 92-133 of this report.

III. GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of McKinney, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,283 million as of September 30, 2020.

By far the largest portion of the City's net position, $1,000 million or 78% reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City of McKinney's net position, $125 million or 10%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $158 million or 12% may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported a positive balance in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The net position for governmental activities and business-type activities are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Assets						
Current and other assets	$ 381,130	$ 338,180	$ 219,911	$ 222,335	$ 601,041	$ 560,515
Capital assets	672,927	626,558	587,327	536,813	1,260,254	1,163,371
Total Assets	1,054,057	964,738	807,238	759,148	1,861,295	1,723,886
Deferred Outflows of Resources	15,933	23,676	6,813	8,130	22,746	31,806
Liabilities						
Other liabilities	31,010	21,072	16,032	15,208	47,042	36,280
Long-term liabilities outstanding	374,562	361,767	169,733	157,713	544,295	519,480
Total Liabilities	405,572	382,839	185,765	172,921	591,337	555,760
Deferred Inflows of Resources	8,865	1,150	1,122	128	9,987	1,278
Net Position						
Net investment in capital assets	496,467	461,844	503,428	455,241	999,895	917,085
Restricted	110,985	105,207	14,285	13,890	125,270	119,097
Unrestricted	48,101	37,374	109,451	125,098	157,552	162,472
Total Net Position	$ 655,553	$ 604,425	$ 627,164	$ 594,229	$ 1,282,717	$ 1,198,654

The City of McKinney's net position increased by $84 million during the current fiscal year. This was driven by an increase in governmental and business-type net position of $51.0 million $32.9 million, respectively. Details are listed in the table below.

Changes in Net Position
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenues:						
Program revenues:						
Charges for services	$ 26,592	$ 26,915	$ 123,582	$ 114,282	$ 150,174	$ 141,197
Operating grants and contributions	15,557	3,450	207	50	15,764	3,500
Capital grants and contributions	45,670	36,010	28,015	18,829	73,685	54,839
General revenues:						
Property taxes	123,658	116,385	-	-	123,658	116,385
Sales taxes	34,034	30,724	-	-	34,034	30,724
Franchise taxes	15,960	16,057	-	-	15,960	16,057
Other taxes and fees	325	341	-	-	325	341
Investment income	4,362	8,233	4,013	5,909	8,375	14,142
Other revenues	1,442	692	63	225	1,505	917
Total revenues	267,600	238,807	155,880	139,295	423,480	378,102
Expenses:						
General government	46,445	38,767	-	-	46,445	38,767
Police	40,922	38,969	-	-	40,922	38,969
Fire	38,323	34,466	-	-	38,323	34,466
Libraries	4,022	4,101	-	-	4,022	4,101
Development	12,353	12,284	-	-	12,353	12,284
Parks and recreation	19,863	20,028	-	-	19,863	20,028
Public works	47,002	50,529	-	-	47,002	50,529
Interest on long-term debt	8,777	8,594	-	-	8,777	8,594
Airport	-	-	10,468	12,083	10,468	12,083
Water/Wastewater	-	-	99,507	91,547	99,507	91,547
Solid Waste	-	-	8,096	7,706	8,096	7,706
Golf Course	-	-	77	79	77	79
Surface Water Drainage	-	-	3,458	3,054	3,458	3,054
Total expenses	217,707	207,738	121,606	114,469	339,313	322,207
Increase (decrease) in net position before transfers and special items	49,893	31,069	34,274	24,826	84,167	55,895
Special item	-	15,534	-	-	-	15,534
Transfers	1,339	4,427	(1,339)	(4,427)	-	-
Increase (decrease) in net position	51,232	51,030	32,935	20,399	84,167	71,429
Net Position - Beginning, as restated	604,321	584,463	594,229	573,830	1,198,550	1,158,293
Net Position - Ending	$ 655,553	$ 635,493	$ 627,164	$ 594,229	$ 1,282,717	$ 1,229,722

Governmental activities

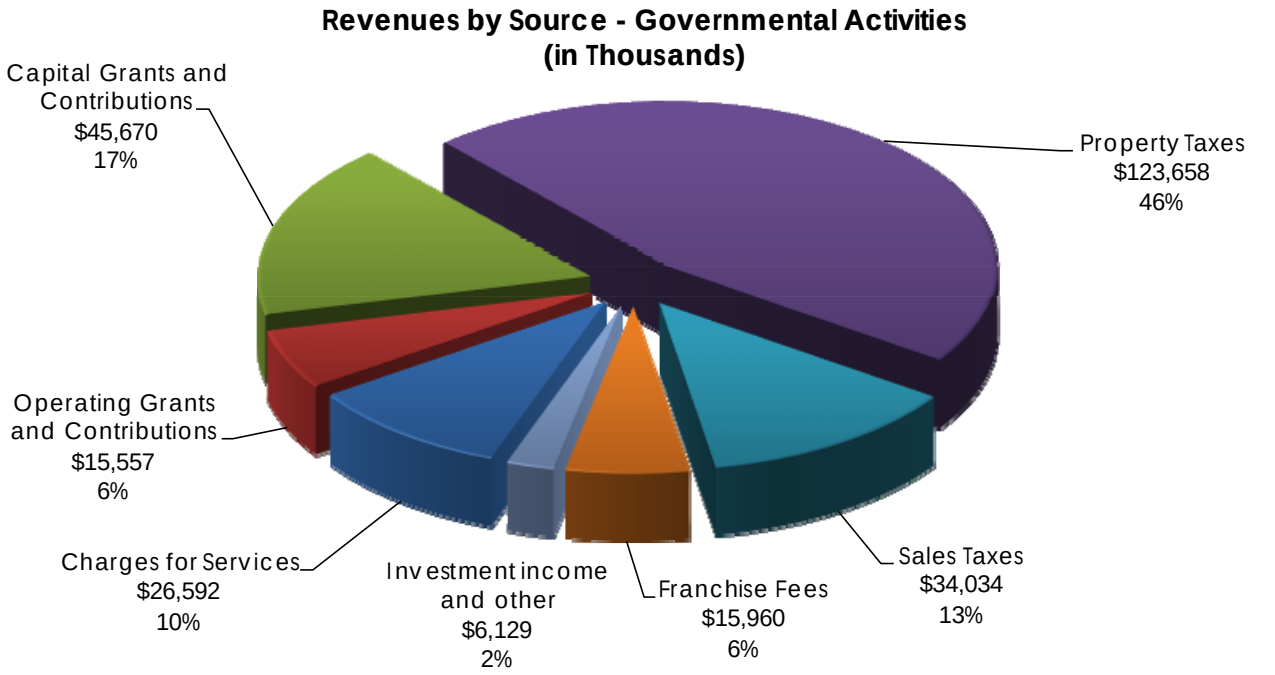
Governmental activities increased the City's net position by $51.2 million during the current fiscal year. The key elements of this increase are as follows:

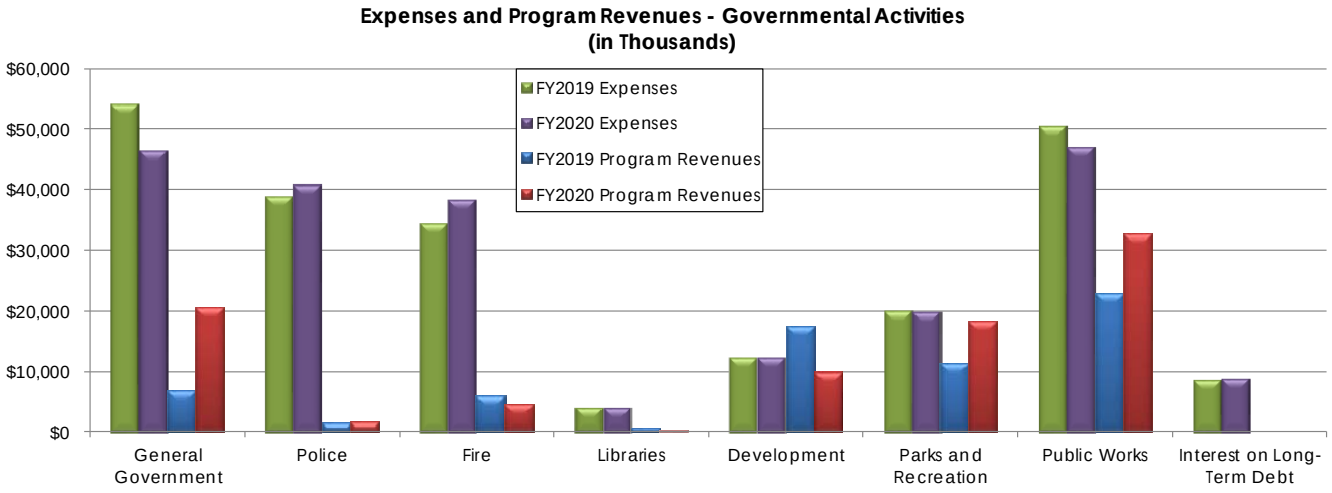
Revenues

- Property Taxes increased by $7.3 million as a result of a 8% increase in certified taxable value.
- Sales taxes increased by $3.3 million, or 11% as a result of population and commercial growth in the area.
- Operating Grants and contributions increased by $11.9 million or 345% primarily as a result of increases in federal grants. Most of the federal grants is from CARES Act funding.

Expenses

- The City's governmental expenses increased by $7.7 million.
- The 2020 budget authorized 60 additional positions and a 3% merit pool for increased personnel cost of $8.5 million.
- During the current year public works decreased by $3.5 million as a result of a higher percentage of capital expenditures being capitalized throughout the year.





Business-type activities

Business-type activities increased the City of McKinney's net position by $32.9 million, accounting for the increase in the government's net position. Key elements of this increase are as follows:

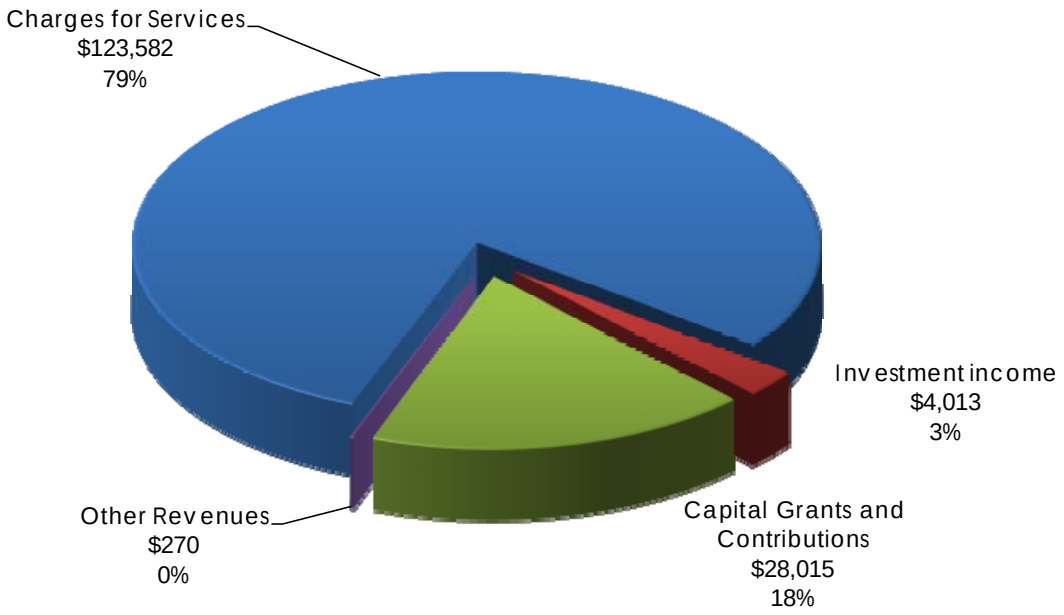
Revenues

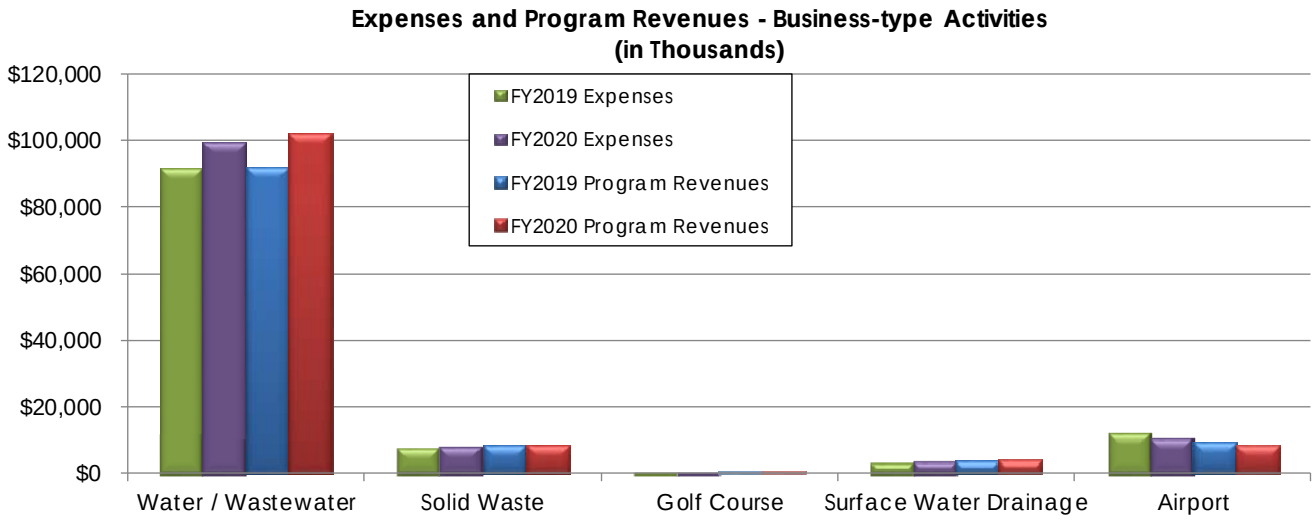
- The Water/Wastewater Fund's operating revenues increased by $10 million, or 11% as a result of residential growth adding approximately 1,700 new customer accounts.
- The Water/Wastewater Fund received capital contributions of $28 million relating to continued development in the City.
- The Airport Fund's operating revenues decreased by $0.4 million or 3% due to the Covid-19 Pandemic.

Expenses

- Operating expenses in the Water/Wastewater Fund increased by $7 million mainly attributed to a $3 million increase in water purchase and sewer service charge from North Texas Municipal Water District and 10 new positions with an increased personnel cost of $1.3 million.

Revenues by Source - Business-Type Activities
(in Thousands)





Financial Analysis of the City's Funds

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of $334.8 million, an increase of $30.7 million or 10% in comparison to the prior year. Approximately $68.2 million or 20% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either considered nonspendable, restricted, or assigned in conformance with GASB 54 requirements. Please see page 24 for financial details and notes to financial statements for category definitions.

General Fund. The general fund is the chief operating fund of the City of McKinney. At the end of the current fiscal year, the unassigned general fund balance was $68.8 million, while total fund balance was $95.5 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 44% of total general fund expenditures.

The original budget included a planned decrease in fund balance of $2.3 million. However, the general fund balance increased by $11.9 million or 14% during the current fiscal year. This was the result of achieving actual expenditures below budget by $6.3 million primarily related to reductions in general government expenditures.

Debt Service Fund. The debt service fund had a total fund balance of $7.3 million, an increase of $1.3 million over the prior year. Higher property valuations and increased investment income outweighed the City's annual debt service requirements.

Capital Projects Fund. The governmental capital projects fund had an ending fund balance of $213.8 million. Total expenditures for the current year were $72.4 million. The large fund balance is due primarily to the issuance of long-term debt during the fiscal year. A second factor contributing to the large fund balance is the result of many unfinished projects. Most of the projects have long duration due to the acquisition of right-of-way and construction phases. Major expenditures incurred during the current year include property acquisition for a new Public Works complex, John & Judy Gay Library expansion, water line relocations for the Custer Road widening project, and construction of Bloomdale Road from Hardin to Community.

Grants Fund. The grants fund had a total fund balance of $85 thousand, an increase of $57 thousand over the prior year. In fiscal year 2020, the grants fund received $14.7 million in advanced funding from the CARES Act related to the COVID-19 pandemic. CARES act expenditures of $8.1 million were recognized as revenue in fiscal year 2020 and the unearned revenue balance is the remaining $6.6 million.

Proprietary Funds

The City's proprietary funds provide the same type of information that is found in the government-wide financial statements for business-type activities, but in more detail. At September 30, 2020, net position of the proprietary funds included the following amounts of net position:

Water and Wastewater Fund. Water and Wastewater Fund net position increased by $22.6 million resulting primarily from capital contributions. Operating revenues totaled $102 million, an increase of $10 million, or 11% over the prior year due to residential development resulting in 1,668 new service locations. Operating expenses in the Water and Wastewater Fund were $93 million, an increase of $6.5 million or 7% over the prior year, primarily a result of the significant increases in NTMWD water purchase rates and sewer service charges.

Airport Fund. The City's Airport Fund ended the year with a net position of $133.8 million, which was an increase of $10.9 million compared to the previous year. This was a result of transfers and contributions totaling $12.6 million. The unrestricted net position of the Airport Fund decreased by $9.4 million or 55% during the current fiscal year. Operating revenues decreased by $969 thousand for the year due to the Covid-19 pandemic impacting the aviation industry. Operating expenses were $11.3 million which decreased by $697 thousand.

Solid Waste Fund. The City's Solid Waste Fund net position decreased by $863 thousand. Operating revenues totaled $8.9 million, which was an increase of $214 thousand as compared to the previous year. Operating expenses and net transfers were $10.1 million which were $2.2 million higher than the previous year.

Golf Course Fund. The Golf Course Fund net position increased by $83 thousand. Revenues were approximately $164 thousand which was the contract fee. Expense was primarily city constructed maintenance improvements and depreciation totaling $77 thousand. In October 2008, the management of the golf course was outsourced to a contractor, DWW Golf Management. The contractor is responsible for collecting all revenues and budgeting for operating expenses. Under the contract terms, the City of McKinney collects an amount equal to 8% of gross revenues.

Surface Water Drainage Fund. The Surface Water Drainage Fund's net position increased by $139 thousand to $5.9 million. Charges for services remained relatively consistent with the prior year at $5.8 million.

General Fund Budgetary Highlights

The actual FY2019-20 expenditures were $155.6 million, $6.3 million less than the final budget of $161.9 million. However, at the end of the year, $1.7 million of budgeted development studies, capital equipment replacements, and other various projects were not completed and will be re-appropriated to fiscal year 2021.

Actual revenues were $160.6 million or $7.0 million more than the $153.7 million budget plan. The final revenue budget was $7.7 million less than the original adopted budget mainly attributed to the Covid-19 pandemic.

IV. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At the end of the fiscal year, the City had $1.26 billion invested in a broad range of capital assets, including land and buildings, roads, bridges, water and wastewater systems, drainage systems, park facilities, and police and fire equipment. This amount represents a net increase (including additions and deductions) of $96.9 million over the prior fiscal year.

Capital assets, net of accumulated depreciation in thousands, for governmental activities and business-type activities are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Land	$ 46,943	$ 42,585	$ 53,671	$ 52,367	$ 100,614	$ 94,952
Works of art	94	88	-	-	94	88
Construction in progress	122,614	71,128	70,113	50,302	192,727	121,430
Buildings	119,356	123,529	39,428	31,788	158,784	155,317
Infrastructure	356,895	363,763	416,099	395,745	772,994	759,508
Machinery and equipment	27,005	25,454	8,016	6,611	35,021	32,065
Service animals	20	11	-	-	20	11
Total	$ 672,927	$ 626,558	$ 587,327	$ 536,813	$ 1,260,254	$ 1,163,371

Capital project commitments as of September 30, 2020:

Description	Appropriated Commitment
Water/Wastewater Projects	$ 59,701,589
Streets Projects	92,209,844
Library Projects	390,080
Parks Projects	47,861,572
Fire Projects	19,148,430
Municipal Facilities	18,021,427
Technology Projects	11,958,693
Stormwater Projects	17,399,676
Airport Projects	18,148,058
	$ 284,839,369

Additional information about the City's capital assets is presented in Note (3) to the financial statements at pages 57-60.

Long-term Debt. At year end, the City had $434.8 million in general obligation bonds, certificates of obligation, tax notes and revenue bonds. The total debt was $425.6 million at the end of the prior fiscal year. This represents an increase of 2%. All outstanding debt is summarized in thousands below:

	Governmental Activities		Business-Type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
General obligation bonds, certificates of obligations and tax notes (backed by the City)	$ 273,645	$ 277,281	$ -	$ -	$ 273,645	$ 277,281
Revenue bonds (backed by fee revenues)	-	-	161,152	148,293	161,152	148,293
Totals	$ 273,645	$ 277,281	$ 161,152	$ 148,293	$ 434,797	$ 425,574

In 2021, the City once again received the highest ratings issued from two major credit rating agencies for its general obligation (GO) bonds. Moody's Investors Service reaffirmed its Aaa rating and Standard and Poor's reaffirmed its AAA rating for the City's general obligation bonds.

The city reaffirmed ratings of Aa1 from Moody's and AA+ with stable outlook from Standard and Poor's for its water and wastewater utilities system.

Additional information on the long-term debt can be found in Note (3) to the financial statements starting at page 62.

V. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of McKinney, Texas continues to be financially strong. Although the economy is the primary factor, the City's elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax rates and fees that will be charged for the business-type activities. The priority for fiscal year 2021 continues to be maintaining quality service while observing prudent spending practices.

Highlights of the 2021 budget include:

- Balanced budget, with total revenues equal to or greater than total expenditures
- Property tax rate reduced by seven-tenths of a cent to $0.508645 cents per $100 assessed value
- Total City budget $641million
- General Fund budget $159.4 million
- Increased and sustained funding for equipment and facilities improvements
- Budgeted supplemental funding of $11.1 million ($2.7 million for additional staff and other recurring costs, $8.4 million for one-time costs) to accommodate citywide departmental needs and operating impacts from Capital Improvement Program
- Additional 26.5 full-time equivalent (FTE) positions (14.5 in the General Fund and 12 in other funds)

The property tax rate for fiscal year 2021 decreased from $0.515600 to $0.508645 per $100 assessed value.

For fiscal year 2021, the water rates remained the same and wastewater (sewer) rates increased 5.5%, due to increased cost of service from the North Texas Municipal Water District (NTMWD). The monthly minimum residential water charge will remain at $16.50. The water volume rate will charge customers $4.00 per thousand gallons for the first 7,000 gallons. Residential and sprinkler/irrigation customers will be charged $5.50 per thousand gallons if the monthly consumption exceeds 7,000 gallons but is less than 20,000 gallons; monthly consumption that exceeds 20,000 gallons but less than 40,000 gallons will be charged at $6.95; monthly consumption over 40,000 gallons will be charged at 8.35 per thousand gallons. The monthly minimum wastewater rate will increase from $18.80 to $19.85. The wastewater volume rate will increase from $5.25 to $5.55 per thousand gallons of water used.

Requests for Information

The financial report is designed to provide a general overview of the City of McKinney's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, City of McKinney, 222 North Tennessee Street, McKinney, Texas 75069.

Basic Financial Statements

McKINNEY®
TEXAS
Unique by nature.

City of McKinney, Texas
Statement of Net Position
September 30, 2020

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 172,097,629	$ 63,649,307	$ 235,746,936	$ 73,341,620
Investments	33,628,168	3,070,410	36,698,578	-
Receivables (net of allowance for uncollectibles)	15,871,420	14,394,676	30,266,096	5,627,026
Internal balances	354,450	(354,450)	-	-
Due from other governments	1,819,490	-	1,819,490	-
Other assets	-	-	-	51
Inventory	214,349	839,984	1,054,333	-
Prepaid items	4,724,043	819,964	5,544,007	30,889
Restricted assets:				
Cash and cash equivalents	152,420,315	130,501,673	282,921,988	1,819,605
Investments	-	6,963,573	6,963,573	-
Accrued interest receivable	-	25,581	25,581	-
Capital assets:				
Non depreciable	169,649,997	123,784,176	293,434,173	70,683,614
Depreciable (net)	503,277,458	463,542,842	966,820,300	306,066
Total assets	1,054,057,319	807,237,736	1,861,295,055	151,808,871
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	11,919,385	1,594,447	13,513,832	213,898
Deferred OPEB outflows	3,071,046	307,264	3,378,310	41,220
Deferred charge for refunding	943,060	554,561	1,497,621	44,709
Excess consideration provided for acquisition	-	4,356,509	4,356,509	-
Total deferred outflows of resources	15,933,491	6,812,781	22,746,272	299,827
LIABILITIES				
Accounts payable	9,737,620	7,371,236	17,108,856	243,119
Other accrued liabilities	11,157,912	4,029,416	15,187,328	87,370
Unearned revenue	7,231,665	-	7,231,665	3,246,345
Accrued interest payable	1,452,422	257,991	1,710,413	153,187
Deposits	1,430,890	4,373,258	5,804,148	-
Non-current liabilities:				
Due within one year:				
Compensated absences	841,013	87,040	928,053	12,827
Bonds payable	32,429,414	10,590,147	43,019,561	4,160,000
Due in more than one year:				
Compensated absences	13,175,864	1,363,631	14,539,495	200,954
Bonds payable	272,581,910	150,562,242	423,144,152	38,950,000
Net pension liability	34,309,276	4,589,521	38,898,797	615,686
Total OPEB liability	21,224,703	2,540,803	23,765,506	340,849
Total liabilities	405,572,689	185,765,285	591,337,974	48,010,337
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	8,260,775	1,104,885	9,365,660	148,222
Deferred OPEB inflows	604,264	17,070	621,334	2,290
Total deferred inflows of resources	8,865,039	1,121,955	9,986,994	150,512
NET POSITION				
Net investment in capital assets	496,467,289	503,427,839	999,895,128	29,446,922
Restricted for:				
Use of impact fees	19,459,628	5,467,274	24,926,902	-
Debt service	6,147,185	8,818,206	14,965,391	1,752,524
Capital projects	66,401,069	-	66,401,069	-
Public safety	540,844	-	540,844	-
Community development	15,261,023	-	15,261,023	-
Court	558,328	-	558,328	-
PEG	2,078,723	-	2,078,723	-
Grants and donations	538,225	-	538,225	-
Unrestricted	48,100,768	109,449,958	157,550,726	72,748,403
TOTAL NET POSITION	$ 655,553,082	$ 627,163,277	$ 1,282,716,359	$ 103,947,849

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Activities
For The Year Ended September 30, 2020

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	$ 46,445,188	$ 7,507,139	$ 13,128,609	$ 10,000
Police	40,922,301	394,567	1,252,401	18,500
Fire	38,322,559	4,561,198	50	-
Libraries	4,022,261	78,573	72,574	-
Development	12,353,033	9,225,569	672,165	-
Parks and recreation	19,863,471	3,551,921	430,949	14,181,159
Public works	47,001,627	1,273,241	-	31,459,958
Interest on long-term debt	8,777,386	-	-	-
Total governmental activities	217,707,826	26,592,208	15,556,748	45,669,617
Business-type activities:				
Water/wastewater	99,507,052	102,017,917	-	23,151,618
Solid waste	8,095,655	8,891,283	-	-
Golf course	77,207	82,215	-	-
Surface water drainage	3,457,729	4,076,939	-	267,416
Airport	10,467,525	8,513,417	207,000	4,595,494
Total business-type activities	121,605,168	123,581,771	207,000	28,014,528
Total primary government	$ 339,312,994	$ 150,173,979	$ 15,763,748	$ 73,684,145
Component units:				
Governmental Activities:				
McKinney Economic Development Corp	$ 14,493,404	$ -	$ 280	$ -
McKinney Community Development Corp	12,191,997	-	-	-
McKinney Convention & Visitors Bureau	783,204	-	828,000	-
McKinney Main Street Corporation	552,201	385,905	113,581	-
	28,020,806	385,905	941,861	-
Business-type activities:				
McKinney Housing Finance Corporation	22,536	649,009	-	-
Total component units	$ 28,043,342	$ 1,034,914	$ 941,861	$ -

General revenues:	
Property taxes	
Sales taxes	
Franchise taxes	
Other taxes	
Investment income	
Gain on sale of assets	
Miscellaneous	
Transfers	
Total general revenues and transfers	
Change in net position	
Net position - beginning	
Change in reporting entity	
Net position - beginning, as restated	
Net position - ending	

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (25,799,440)	$ -	$ (25,799,440)	$ -
(39,256,833)	-	(39,256,833)	-
(33,761,311)	-	(33,761,311)	-
(3,871,114)	-	(3,871,114)	-
(2,455,299)	-	(2,455,299)	-
(1,699,442)	-	(1,699,442)	-
(14,268,428)	-	(14,268,428)	-
(8,777,386)	-	(8,777,386)	-
(129,889,253)	-	(129,889,253)	-
-	25,662,483	25,662,483	-
-	795,628	795,628	-
-	5,008	5,008	-
-	886,626	886,626	-
-	2,848,386	2,848,386	-
-	30,198,131	30,198,131	-
(129,889,253)	30,198,131	(99,691,122)	-
$ -	$ -	$ -	$ (14,493,124)
-	-	-	(12,191,997)
-	-	-	44,796
-	-	-	(52,715)
-	-	-	(26,693,040)
-	-	-	626,473
$ -	$ -	$ -	$ (26,066,567)
$ 123,658,379	$ -	$ 123,658,379	$ -
34,034,802	-	34,034,802	32,198,508
15,960,438	-	15,960,438	-
324,892	-	324,892	-
4,361,646	4,012,688	8,374,334	815,169
34,482	-	34,482	-
1,407,678	62,560	1,470,238	3,552
1,338,652	(1,338,652)	-	-
181,120,969	2,736,596	183,857,565	33,017,229
51,231,716	32,934,727	84,166,443	6,950,662
604,425,445	594,228,550	1,198,653,995	96,893,108
(104,079)	-	(104,079)	104,079
604,321,366	594,228,550	1,198,549,916	96,997,187
$ 655,553,082	$ 627,163,277	$ 1,282,716,359	$ 103,947,849

City of McKinney, Texas
Balance Sheet
Governmental Funds
September 30, 2020

	General	Debt Service	Capital Projects	Grants
ASSETS				
Cash and cash equivalents	$ 66,917,654	$ 7,248,639	$ 211,905,854	5,457,975
Investments	23,262,460	-	10,365,708	-
Receivables (net of allowance for uncollectibles):				
Delinquent property taxes	753,892	337,349	-	-
Accounts	2,695,179	13,620	-	1,435,326
Notes	1,156,052	-	-	-
Other taxes and fees	8,791,190	-	-	-
Accrued interest	70,211	-	54,667	-
Due from other funds	560,856	-	-	-
Due from other governments	1,056,199	-	278,932	213,055
Inventory	214,349	-	-	-
Prepaid items	3,950,805	-	341,459	425,000
Total assets	$ 109,428,847	$ 7,599,608	$ 222,946,620	$ 7,531,356
LIABILITIES				
Accounts payable	$ 1,972,284	$ -	$ 5,486,424	729,191
Other accrued liabilities	7,353,047	-	3,596,566	1,416
Deposits	1,430,890	-	-	-
Due to other funds	-	-	-	106,999
Unearned revenue	585,151	-	37,558	6,608,956
Total liabilities	11,341,372	-	9,120,548	7,446,562
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	2,616,088	338,600	-	-
Total deferred inflows of resources	2,616,088	338,600	-	-
FUND BALANCES				
NONSPENDABLE:				
Inventory	214,349	-	-	-
Prepaid items	3,950,805	-	341,459	425,000
RESTRICTED:				
Debt service	-	7,261,008	-	-
Street construction	-	-	116,715,835	-
Capital projects	-	-	96,768,778	-
Law enforcement	17,489	-	-	-
Courts	558,328	-	-	-
Fire	-	-	-	-
PEG	-	-	-	-
Library	-	-	-	-
Community housing	-	-	-	-
Parks	-	-	-	-
Hotel/Motel	-	-	-	-
Transit	-	-	-	-
Grants	-	-	-	41,389
ASSIGNED:				
Capital equipment replacement	14,439,146	-	-	-
Disaster relief	516,552	-	-	-
OPEB	6,565,427	-	-	-
Public & performing arts	387,047	-	-	-
UNASSIGNED	68,822,244	-	-	(381,595)
Total fund balances (deficit)	95,471,387	7,261,008	213,826,072	84,794
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES(DEFICIT)	$ 109,428,847	$ 7,599,608	$ 222,946,620	$ 7,531,356

The notes to the financial statements are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
$ 18,175,276	$ 309,705,398
-	33,628,168
-	1,091,241
103,961	4,248,086
-	1,156,052
131,287	8,922,477
-	124,878
-	560,856
271,304	1,819,490
-	214,349
6,779	4,724,043
$ 18,688,607	$ 366,195,038
$ 99,970	$ 8,287,869
122,507	11,073,536
-	1,430,890
99,407	206,406
-	7,231,665
321,884	28,230,366
-	2,954,688
-	2,954,688
-	214,349
6,779	4,724,043
-	7,261,008
-	116,715,835
10,235,216	107,003,994
615,743	633,232
-	558,328
41,946	41,946
2,078,723	2,078,723
52,704	52,704
29,961	29,961
109	109
4,995,846	4,995,846
309,696	309,696
-	41,389
-	14,439,146
-	516,552
-	6,565,427
-	387,047
-	68,440,649
18,366,723	335,009,984
$ 18,688,607	$ 366,195,038

McKINNEY
TEXAS
Unique by nature.

City of McKinney, Texas

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2020

Fund balances of governmental funds		$ 335,009,984
Amounts reported for governmental activities in the statement of net position are different because:		
Receivables not measureable and available within 60 days of year-end, and therefore are unavailable in the fund financial statements.		2,954,688
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		672,927,455
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:		
Deferred pension outflows	11,919,385	
Deferred OPEB outflows	3,071,046	
Deferred charge on refunding	943,060	
Deferred pension inflows	(8,260,775)	
Deferred OPEB inflows	(604,264)	7,068,452
Internal service funds are used by management to charge the cost of certain activities, including self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		13,607,105
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(1,452,422)
Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
General and certificates of obligation bonds	(273,645,000)	
Bond premiums	(31,366,324)	
Net pension liability	(34,309,276)	
Total OPEB liability	(21,224,703)	
Compensated absences	(14,016,877)	(374,562,180)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 655,553,082

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended September 30, 2020

	General	Debt Service	Capital Projects	Grants
REVENUES				
Property taxes	$ 83,448,823	$ 38,120,024	$ -	$ -
Sales and use taxes	30,625,603	-	-	-
Franchise fees	15,992,927	-	-	-
Other taxes and fees	-	-	-	-
Licenses and permits	10,280,327	-	-	-
Intergovernmental	5,190,085	-	5,914,197	8,899,207
Charges for services	10,856,138	-	1,137,002	-
Fines and forfeitures	895,134	-	-	-
Investment income	1,532,887	314,516	2,314,896	19,834
Contributions	440,201	-	23,058,007	-
Miscellaneous	1,368,080	-	-	36,589
Total revenues	160,630,205	38,434,540	32,424,102	8,955,630
EXPENDITURES				
Current:				
General government	31,267,033	-	1,553,138	8,051,049
Police	37,424,204	-	-	185,950
Fire	33,575,386	-	-	778,487
Libraries	3,508,643	-	-	-
Development	11,164,580	-	-	6,539
Parks and recreation	14,480,182	-	37,490	-
Public works	12,899,788	-	2,819,601	-
Debt Service:				
Principal retirement	4,552,459	25,920,000	-	-
Interest and fiscal charges	86,487	11,397,384	502,696	-
Capital Expenditures:				
General government	328,900	-	16,017,691	81,934
Police	1,570,881	-	-	-
Fire	2,220,572	-	1,959,045	-
Libraries	-	-	6,324,137	-
Development	270,289	-	-	-
Parks and recreation	511,377	-	13,611,859	-
Public works	1,704,672	-	29,528,609	-
Total expenditures	155,565,453	37,317,384	72,354,266	9,103,959
Excess (deficiency) of revenues over (under) expenditures	5,064,752	1,117,156	(39,930,164)	(148,329)
OTHER FINANCING SOURCES (USES)				
Other financing source-issuance of long-term debt	-	-	48,375,000	-
Other financing source-issuance of refunding debt	-	19,225,000	-	-
Deposit to bond refunding escrow account	-	(22,303,303)	-	-
Premium on issuance of debt	-	3,257,565	8,577,696	-
Proceeds from sale of property	447,122	-	-	-
Transfers in	10,184,993	-	8,198,577	205,500
Transfers out	(3,805,500)	-	(8,000,000)	-
Total other financing sources (uses)	6,826,615	179,262	57,151,273	205,500
Net change in fund balances	11,891,367	1,296,418	17,221,109	57,171
Fund balances, beginning of year	83,580,020	5,964,590	196,604,963	27,623
Change in reporting entity	-	-	-	-
Fund balances, beginning of year, as restated	83,580,020	5,964,590	196,604,963	27,623
FUND BALANCES (DEFICIT), END OF YEAR	$ 95,471,387	$ 7,261,008	$ 213,826,072	$ 84,794

The notes to the financial statements are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
$ 2,014,040	$ 123,582,887
3,409,199	34,034,802
-	15,992,927
324,892	324,892
-	10,280,327
997,033	21,000,522
-	11,993,140
188,171	1,083,305
179,513	4,361,646
30,222	23,528,430
3,000	1,407,669
7,146,070	247,590,547
1,314,296	42,185,516
96,019	37,706,173
-	34,353,873
22,311	3,530,954
740,357	11,911,476
-	14,517,672
-	15,719,389
-	30,472,459
-	11,986,567
76,390	16,504,915
10,637	1,581,518
-	4,179,617
-	6,324,137
-	270,289
-	14,123,236
-	31,233,281
2,260,010	276,601,072
4,886,060	(29,010,525)
-	48,375,000
-	19,225,000
-	(22,303,303)
-	11,835,261
-	447,122
100,000	18,689,070
(4,544,918)	(16,350,418)
(4,444,918)	59,917,732
441,142	30,907,207
18,029,660	304,206,856
(104,079)	(104,079)
17,925,581	304,102,777
$ 18,366,723	$ 335,009,984

City of McKinney, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2020

Net change in fund balances- total governmental funds.		$	30,907,207
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period.			74,242,894
Governmental funds do not recognize contributed capital assets. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.			16,697,413
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.			(44,158,497)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:			
General and certificates of obligation bonds	25,920,000		
Capital lease	4,552,459		30,472,459
The issuance of long-term debt, such as bonds and capital leases, are shown as "Other Sources" and "Other Uses" in the governmental funds, but are shown on the statement of net position as debt obligations with corresponding balances amortized over the life of the bonds. Issuance of long-term debt and recognition and amortization of these differences consist of the following:			
Issuance of long term-debt	(45,296,697)		
Recognition of premium on debt issuance	(11,835,261)		
Amortization of refunding loss	(202,613)		
Amortization of bond premium	3,540,353		(53,794,218)
Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balances and as actuarially determined in the government-wide statement of activities.			(3,114,659)
Current year change in long-term liability for compensated absences does not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.			(1,758,128)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.			(128,556)
Internal service funds are used by management to share the costs of certain activities including self-insurance to individual funds.			2,339,493
In the governmental fund financial statements, the proceeds from the sale of assets are shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.			(412,640)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these revenues for the year.			(61,052)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$	51,231,716

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenditures and Changes
in Fund Balances- Budget (GAAP Basis) and Actual-General Fund
For the Year Ended September 30, 2020

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 84,571,732	$ 84,222,732	$ 83,448,823	$ (773,909)
Sales and use taxes	27,852,118	26,580,458	30,625,603	4,045,145
Franchise fees	16,980,649	15,941,182	15,992,927	51,745
Licenses and permits	11,997,900	10,598,195	10,280,327	(317,868)
Intergovernmental	1,194,666	1,312,542	5,190,085	3,877,543
Charges for services	13,657,790	11,368,385	10,856,138	(512,247)
Fines and forfeitures	2,028,120	1,295,924	895,134	(400,790)
Investment income	1,933,000	1,447,020	1,532,887	85,867
Contributions	482,511	471,012	440,201	(30,811)
Miscellaneous	697,150	426,767	1,368,080	941,313
Total revenues	161,395,636	153,664,217	160,630,205	6,965,988
EXPENDITURES				
General government	37,355,206	40,110,890	35,713,719	4,397,171
Police	41,137,727	39,576,214	38,995,085	581,129
Fire	35,434,922	34,698,413	36,317,118	(1,618,705)
Libraries	3,753,615	3,667,760	3,508,643	159,117
Development	12,662,285	12,602,779	11,434,869	1,167,910
Parks and recreation	17,117,173	16,125,732	14,991,559	1,134,173
Public works	15,154,502	15,110,347	14,604,460	505,887
Total expenditures	162,615,430	161,892,135	155,565,453	6,326,682
Excess (deficiency) of revenues over (under) expenditures	(1,219,794)	(8,227,918)	5,064,752	13,292,670
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	285,000	445,000	447,122	2,122
Transfers in	5,317,602	9,184,993	10,184,993	1,000,000
Transfers out	(4,805,500)	(3,730,000)	(3,805,500)	(75,500)
Total other financing sources (uses)	797,102	5,899,993	6,826,615	926,622
Net change in fund balances	(422,692)	(2,327,925)	11,891,367	14,219,292
Fund balances, beginning of year	83,580,020	83,580,020	83,580,020	-
Fund balances, end of year	$ 83,157,328	$ 81,252,095	$ 95,471,387	$ 14,219,292

3The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Net Position
Proprietary Funds
September 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	$ 45,577,237	$ 3,952,675	$ 14,119,395	$ 63,649,307	$ 14,722,546
Investments	-	-	3,070,410	3,070,410	-
Restricted assets:					-
Cash and cash equivalents	117,465,305	13,026,368	10,000	130,501,673	90,000
Receivables (net of allowance for uncollectibles)	12,339,807	36,824	2,015,295	14,391,926	328,686
Accrued interest receivable	-	-	2,750	2,750	-
Due from other funds	15,900	-	-	15,900	-
Notes receivable- interfund	-	-	4,895,903	4,895,903	-
Inventory	770,205	69,779	-	839,984	-
Prepaid items	-	241,272	578,692	819,964	-
Total current assets	176,168,454	17,326,918	24,692,445	218,187,817	15,141,232
Noncurrent assets:					
Restricted assets:					
Investments	6,963,573	-	-	6,963,573	-
Accrued interest receivable	25,581	-	-	25,581	-
Total restricted assets	6,989,154	-	-	6,989,154	-
Capital assets:					
Land	11,555,020	41,549,244	566,509	53,670,773	-
Buildings	11,972,381	41,428,102	1,653,284	55,053,767	-
Improvements other than buildings	500,809,969	65,992,095	2,912,297	569,714,361	-
Machinery and equipment	12,992,175	1,814,764	3,015,346	17,822,285	-
Construction in progress	62,942,605	7,170,798	-	70,113,403	-
Less accumulated depreciation	(134,577,734)	(39,712,483)	(4,757,354)	(179,047,571)	-
Total capital assets (net of accumulated depreciation)	465,694,416	118,242,520	3,390,082	587,327,018	-
Total noncurrent assets	472,683,570	118,242,520	3,390,082	594,316,172	-
TOTAL ASSETS	648,852,024	135,569,438	28,082,527	812,503,989	15,141,232
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension outflows	1,031,410	239,003	324,034	1,594,447	-
Deferred OPEB outflows	198,761	46,058	62,445	307,264	-
Deferred charge for refunding	554,561	-	-	554,561	-
Excess consideration provided for acquisition	-	4,356,509	-	4,356,509	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,784,732	4,641,570	386,479	6,812,781	-

(continued)

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Net Position
Proprietary Funds
September 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
LIABILITIES					
Current liabilities:					
Accounts payable	$ 2,973,165	$ 231,294	$ 192,085	$ 3,396,544	$ 1,449,751
Other accrued liabilities	574,616	92,688	992,363	1,659,667	84,376
Due to other funds	316,433	-	53,917	370,350	-
Advances from other funds	-	-	-	-	-
Note payable- interfund	-	360,645	53,207	413,852	-
Compensated absences	56,612	10,155	20,273	87,040	-
Accrued interest payable	257,991	-	-	257,991	-
Total current liabilities unrestricted	4,178,817	694,782	1,311,845	6,185,444	1,534,127
Liabilities (payable from restricted assets):					
Accounts payable	3,798,863	175,829	-	3,974,692	-
Revenue bonds payable	10,590,147	-	-	10,590,147	-
Other accrued liabilities	2,323,577	46,172	-	2,369,749	-
Deposits	4,187,638	175,620	10,000	4,373,258	-
Total current liabilities (payable from restricted assets)	20,900,225	397,621	10,000	21,307,846	-
Total current liabilities	25,079,042	1,092,403	1,321,845	27,493,290	1,534,127
Noncurrent liabilities:					
Compensated absences	886,926	159,098	317,607	1,363,631	-
Note payable- interfund	-	3,958,505	523,546	4,482,051	-
Revenue bonds, certificates of obligation payable	150,562,242	-	-	150,562,242	-
Net pension liability	2,968,853	687,957	932,711	4,589,521	-
Total OPEB liability	1,643,585	380,860	516,358	2,540,803	-
Total noncurrent liabilities	156,061,606	5,186,420	2,290,222	163,538,248	-
TOTAL LIABILITIES	181,140,648	6,278,823	3,612,067	191,031,538	1,534,127
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflows	714,725	165,619	224,541	1,104,885	-
Deferred OPEB inflows	11,042	2,559	3,469	17,070	-
TOTAL DEFERRED INFLOWS OF RESOURCES	725,767	168,178	228,010	1,121,955	-
NET POSITION					
Net investment in capital assets	374,016,443	126,021,314	3,390,082	503,427,839	-
Restricted for:					
Use of impact fees	5,467,274	-	-	5,467,274	-
Debt service	8,818,206	-	-	8,818,206	-
Unrestricted	80,468,418	7,742,693	21,238,847	109,449,958	13,607,105
TOTAL NET POSITION	$ 468,770,341	$ 133,764,007	$ 24,628,929	$ 627,163,277	$ 13,607,105

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services	$ 102,017,917	$ 8,513,417	$ 13,050,437	$ 123,581,771	$ 26,224,215
Intergovernmental	-	207,000	-	207,000	-
Miscellaneous	27,818	-	131,650	159,468	338,173
Total operating revenues	102,045,735	8,720,417	13,182,087	123,948,239	26,562,388
OPERATING EXPENSES					
Personnel services	10,733,808	2,437,504	3,256,664	16,427,976	-
Materials, supplies and services	637,117	2,628,211	124,080	3,389,408	17,210,440
Maintenance	2,701,097	308,995	235,573	3,245,665	-
Purchase of water	57,176,000	-	-	57,176,000	-
Contract payments	6,179,644	563,483	7,641,711	14,384,838	2,685,075
Utilities	1,113,086	185,305	3,248	1,301,639	-
Depreciation and amortization	11,216,726	4,639,426	270,031	16,126,183	-
Other	3,718,664	549,104	99,284	4,367,052	3,474,929
Total operating expenses	93,476,142	11,312,028	11,630,591	116,418,761	23,370,444
Operating income (loss)	8,569,593	(2,591,611)	1,551,496	7,529,478	3,191,944
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental	-	914,153	-	914,153	-
Investment income	3,565,989	81,976	364,723	4,012,688	147,549
Interest and fiscal charges	(6,030,910)	(69,650)	-	(6,100,560)	-
Gain (loss) from disposal of assets	(120,198)	1,876	21,414	(96,908)	-
Total non-operating revenues (expenses)	(2,585,119)	928,355	386,137	(1,270,627)	147,549
Income (loss) before contributions and transfers	5,984,474	(1,663,256)	1,937,633	6,258,851	3,339,493
Contributions	23,151,618	4,595,494	267,416	28,014,528	-
Transfers in	-	8,000,000	83,873	8,083,873	-
Transfers out	(6,493,026)	-	(2,929,499)	(9,422,525)	(1,000,000)
Change in net position	22,643,066	10,932,238	(640,577)	32,934,727	2,339,493
Net position - beginning	446,127,275	122,831,769	25,269,506	594,228,550	11,267,612
TOTAL NET POSITION - ending	$ 468,770,341	$ 133,764,007	$ 24,628,929	$ 627,163,277	$ 13,607,105

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 103,548,511	$ 8,787,619	$ 13,031,651	$ 125,367,781	$ 26,438,742
Other operating revenues	27,818	10,060,114	131,650	10,219,582	338,173
Cash payments to employees for services	(10,037,428)	(2,293,896)	(3,065,650)	(15,396,974)	-
Cash payments to suppliers for goods and services	(69,926,492)	(4,035,884)	(8,568,134)	(82,530,510)	(23,262,192)
Net cash provided by operating activities	23,612,409	12,517,953	1,529,517	37,659,879	3,514,723
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	8,000,000	83,873	8,083,873	-
Cash received from other funds	-	-	407,642	407,642	
Transfers to other funds	(6,493,026)	-	(2,929,499)	(9,422,525)	(1,000,000)
Net cash provided by (used in) non-capital financing activities	(6,493,026)	8,000,000	(2,437,984)	(931,010)	(1,000,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on bonds	(11,595,000)	-	-	(11,595,000)	-
Bond proceeds	22,075,000	-	-	22,075,000	-
Principal paid on interfund loans	-	(355,350)	(52,292)	(407,642)	-
Interest and fiscal charges on debt	(3,586,511)	(69,650)	-	(3,656,161)	-
Acquisition and construction of capital assets	(29,022,873)	(11,204,416)	(530,433)	(40,757,722)	-
Proceeds from sale of assets	3,429,253	11,782	21,414	3,462,449	-
Net cash used in capital and related financing activities	(18,700,131)	(11,617,634)	(561,311)	(30,879,076)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	-	-	(1,071,390)	(1,071,390)	-
Proceeds from sale and maturities of securities	24,307,639	-	-	24,307,639	-
Investment earnings	3,565,989	81,976	364,723	4,012,688	147,549
Net cash provided by (used in) investing activities	27,873,628	81,976	(706,667)	27,248,937	147,549
Net increase (decrease) in cash	26,292,880	8,982,295	(2,176,445)	33,098,730	2,662,272
Cash and cash equivalents at beginning of year	136,749,662	7,996,748	16,305,840	161,052,250	12,150,274
Cash and cash equivalents at end of year	$ 163,042,542	$ 16,979,043	$ 14,129,395	$ 194,150,980	$ 14,812,546
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION					
Unrestricted cash and cash equivalents	$ 45,577,237	$ 3,952,675	$ 14,119,395	$ 63,649,307	$ 14,722,546
Restricted cash and cash equivalents	117,465,305	13,026,368	10,000	130,501,673	90,000
	$ 163,042,542	$ 16,979,043	$ 14,129,395	$ 194,150,980	$ 14,812,546
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 8,569,593	$ (2,591,611)	$ 1,551,496	$ 7,529,478	$ 3,191,944
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	11,216,726	4,639,426	270,031	16,126,183	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	1,671,571	16,566	(26,085)	1,662,052	214,527
Accrued interest receivable	127,957	-	7,299	135,256	
Due from other funds	(661)	-	-	(661)	-
Inventory	(268,273)	50,636	-	(217,637)	-
Prepaid expense	884,881	10,060,114	(317,792)	10,627,203	-
Increase (decrease) in liabilities:					
Accounts payable	147,333	86,775	(195,283)	38,825	80,558
Accrued liabilities	326,400	67,677	46,841	440,918	27,694
Due to other funds	(41,452)	-	1,996	(39,456)	-
Compensated absences	191,168	26,741	77,116	295,025	-
Deposits	281,954	44,762	-	326,716	-
Net pension liability and OPEB obligation	505,212	116,867	113,898	735,977	-
Total adjustments	15,042,816	15,109,564	(21,979)	30,130,401	322,779
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 23,612,409	$ 12,517,953	$ 1,529,517	$ 37,659,879	$ 3,514,723
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of capital assets	$ 23,151,618	$ 4,595,494	$ 267,416	$ 28,014,528	$ -
Non-cash change in fair value of assets	(120,198)	-	-	(120,198)	-
Non-cash grants	-	914,153	-	914,153	

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Agency Assets and Liabilities
Fiduciary Fund
September 30, 2020

	Agency Fund
	BB Owen Park
ASSETS	
Cash and cash equivalents	$ 331,604
TOTAL ASSETS	$ 331,604
LIABILITIES	
Developer escrows	$ 331,604
TOTAL LIABILITIES	$ 331,604

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2020

	Governmental Activities				Business-Type Activities	
ASSETS	McKinney Economic Dev. Corporation	McKinney Community Dev. Corporation	McKinney Convention & Visitors Bureau	McKinney Main Street Corporation	McKinney Housing Finance Corporation	Total
Cash and cash equivalents	$ 11,427,105	$ 60,839,772	$ 146,396	116,500	$ 811,847	$ 73,341,620
Receivables (net of allowance for uncollectibles)	2,808,763	2,808,763	-	2,000	7,500	5,627,026
Prepaid items	23,528	2,977	3,800	584	-	30,889
Other assets	-	-	-	-	51	51
Restricted assets:						
Cash and cash equivalents	1,819,605	-	-	-	-	1,819,605
Capital assets:						
Non depreciable	66,905,887	630,952	-	-	3,146,775	70,683,614
Depreciable (net)	20,342	123,197	-	162,527	-	306,066
Total assets	83,005,230	64,405,661	150,196	281,611	3,966,173	151,808,871
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows	129,928	33,312	50,658	-	-	213,898
Deferred OPEB outflows	25,039	6,419	9,762	-	-	41,220
Deferred charge for refunding	44,709	-	-	-	-	44,709
Total deferred outflows of resources	199,676	39,731	60,420	-	-	299,827
LIABILITIES						
Accounts payable	170,486	52,114	11,148	9,371	-	243,119
Other accrued liabilities	53,074	12,846	21,407	43	-	87,370
Unearned revenue	-	-	-	11,336	3,235,009	3,246,345
Accrued interest payable	67,081	86,106	-	-	-	153,187
Non-current liabilities:						
Due within one year:						
Compensated absences	5,881	2,815	4,131	-	-	12,827
Bonds payable	3,130,000	1,030,000	-	-	-	4,160,000
Due in more than one year:						
Compensated absences	92,135	44,093	64,726	-	-	200,954
Bonds payable	20,600,000	18,350,000	-	-	-	38,950,000
Net pension liability	373,990	95,881	145,815	-	-	615,686
Total OPEB liability	207,044	53,081	80,724	-	-	340,849
Total liabilities	24,699,691	19,726,936	327,951	20,750	3,235,009	48,010,337
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	90,035	23,083	35,104	-	-	148,222
Deferred OPEB inflows	1,391	357	542	-	-	2,290
Total deferred inflows of resources	91,426	23,440	35,646	-	-	150,512
NET POSITION						
Net investment in capital assets	44,763,471	(18,625,851)	-	162,527	3,146,775	29,446,922
Restricted for:						
Capital projects	-	-	-	-	-	-
Debt service	1,752,524	-	-	-	-	1,752,524
Unrestricted	11,897,794	63,320,867	(152,981)	98,334	(2,415,611)	72,748,403
TOTAL NET POSITION (DEFICIT)	$ 58,413,789	$ 44,695,016	$ (152,981)	$ 260,861	$ 731,164	$ 103,947,849

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position
Discretely Presented Component Units
For the Year Ended September 30, 2020

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
McKinney Economic Dev. Corporation	$ 14,493,404	$ -	$ 280	$ -
McKinney Community Dev. Corporation	12,191,997	-	-	-
McKinney Convention & Visitors Bureau	783,204	-	828,000	-
McKinney Main Street Corporation	552,201	385,905	113,581	-
Total governmental activities	28,020,806	385,905	941,861	-
Business-type activities:				
McKinney Housing Finance Corporation	22,536	649,009	-	-
Total business-type activities				
TOTAL COMPONENT UNITS	$ 28,043,342	$ 1,034,914	$ 941,861	$ -

General revenues:	
Sales taxes	
Investment income	
Miscellaneous	
Total general revenues	
Change in net position	
Net position - beginning	
Change in reporting entity	
Net position - beginning, as restated	
Net position - ending	

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position					
Component Units					
McKinney Economic Dev. Corporation	McKinney Community Dev. Corporation	McKinney Convention & Visitors Bureau	McKinney Main Street Corporation	McKinney Housing Finance Corporation	Total
$ (14,493,124)	$ -	$ -	$ -	$ -	$ (14,493,124)
-	(12,191,997)	-	-	-	(12,191,997)
-	-	44,796	-	-	44,796
-	-	-	(52,715)	-	(52,715)
(14,493,124)	(12,191,997)	44,796	(52,715)	-	(26,693,040)
-	-	-	-	626,473	626,473
$ (14,493,124)	$ (12,191,997)	$ 44,796	$ (52,715)	$ 626,473	$ (26,066,567)
$ 16,099,254	$ 16,099,254	$ -	$ -	$ -	$ 32,198,508
148,447	665,420	527	163	612	815,169
-	-	3,552	-	-	3,552
16,247,701	16,764,674	4,079	163	612	33,017,229
1,754,577	4,572,677	48,875	(52,552)	627,085	6,950,662
56,659,212	40,122,339	(201,856)	313,413	-	96,893,108
-	-	-	-	104,079	104,079
56,659,212	40,122,339	(201,856)	313,413	104,079	96,997,187
$ 58,413,789	$ 44,695,016	$ (152,981)	$ 260,861	$ 731,164	$ 103,947,849

McKINNEY
TEXAS
Unique by nature.

Note 1. Summary of Significant Accounting Policies

The City of McKinney (the City) was incorporated in 1848. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, public works, public health and welfare, culture, recreation and waterworks.

The City reports in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide concise explanation, including required disclosures of budgetary matters, assets, liabilities, fund equity, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the City's financial activities for the fiscal year ended September 30, 2020.

Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City also presents Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition, budgetary comparison statements are presented that compare the original adopted and final amended budgets with actual results for adopted funds.

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. The City is governed by an elected mayor and six-member council. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations; therefore, data from these units are combined with data of the City. Discretely presented component units are legally separate entities that are not considered part of the City's operations; therefore, data from these component units are shown separately from the data of the City.

Blended Component Units

The McKinney Urban Transit District (MUTD) is a blended component unit presented as a nonmajor special revenue fund of the City. The governing body of the MUTD consists of the seven City of McKinney councilmembers and one representative from each of the district members including the Collin County Commissioners' Court, the City of Celina, the City of Lowry Crossing, the City of Melissa, the City of Princeton and the City of Prosper. The MUTD budget is subject to approval of the City of McKinney Council. The MUTD budget is financed primarily by state/federal grants and member contributions and has a September 30 year-end. The purpose of the MUTD is to provide transportation to residents of McKinney, Melissa, Princeton, Lowry Crossing, Celina and Prosper who are 65 years of age or older or are disabled. MUTD services almost exclusively benefit the primary government even though it does not provide services directly to the City.

Discretely Presented Component Units

The McKinney Economic Development Corporation (MEDC) is a discretely presented component unit in the basic financial statements. The governing body of the MEDC is appointed by the City Council and the MEDC's operating budget is subject to approval of the City Council. The City does not have a voting majority of the corporation. The purpose of the MEDC is to aid, promote and further the economic development within the City. The MEDC is financed with a voter-approved half-cent city sales tax. The MEDC has a September 30 year-end. Under a contract with the MEDC, the City performs financial services for the MEDC. There are no separately issued financial statements of the MEDC, which is reported as a governmental fund.

The McKinney Community Development Corporation (MCDC) is a discretely presented component unit in the basic financial statements. The MCDC is governed by a seven-member board appointed by the City Council and at least three board members cannot be City employees or Council members. The City does not have a voting majority of the corporation. The purpose of the MCDC is to identify and fund public projects to maintain or enhance the quality of life reflecting hometown values and priorities, visionary planning, balanced needs, and fiscal responsibility for current and future residents, visitors and businesses of our community. The MCDC is financed with a voter-approved half-cent city sales tax. The MCDC has a September 30 year-end. Under a contract with the MCDC, the City performs financial services for the MCDC. There are no separately issued financial statements of the MCDC, which is reported as a governmental fund.

The McKinney Main Street (MMS) is a discretely presented component unit in the basic financial statements. The governing body of MMS is appointed by the City Council and the MMS's budget is subject to approval of the City Council. MMS budget is financed primarily by events held in the Downtown McKinney area. MMS is a separate legal entity from the City and its sole purpose is to promote McKinney's vibrant downtown area. MMS has a September 30 year-end. MMS financial services are decentralized from the City. There are no separately issued financial statements of MMS.

The McKinney Convention & Visitors Bureau (MCVB) is a discretely presented component unit in the basic financial statements. The governing body of the MCVB is appointed by the City Council and the MCVB's budget is subject to approval of the City Council. The MCVB budget is financed primarily by hotel/motel occupancy taxes. The MCVB is a separate legal entity from the City and its sole purpose is to promote McKinney as the destination of choice. The MCVB has a September 30 year-end. Under a contract with the MCVB, the City performs financial services for the MCVB. There are no separately issued financial statements of the MCVB. All discretely presented component units were deemed to be major component units for presentation purposes.

The McKinney Housing Finance Corporation (MHFC) is a discretely presented component unit in the basic financial statements. The governing body of the MHFC is appointed by the City Council and the MHFC's budget is subject to approval of the City Council. The MHFC finances the cost of residential ownership and development on behalf of the City to provide decent, safe and sanitary housing for City residents at affordable prices. MHFC budget is financed primarily by developer fees and has a September 30 year-end.

McKinney Housing Finance Corporation Restatement

During fiscal year 2020, the City re-evaluated the presentation of MHFC in accordance with GASB Statement No. 61: The Financial Reporting Entity: Omnibus- An Amendment of GASB Statements No. 14 and 34. Because MHFC's pricing policies and its related activities in fiscal year 2020 establish fees and charges designed to recover its costs, the City changed its presentation for MHFC from a blended component unit special revenue fund to a discretely presented enterprise fund during the year ended September 30, 2020. Consistent with GASB Statement No. 62: Codification of Accounting and Financial Reporting Guidance Contained Pre-November 30, 1989 FASB and AICPA Pronouncements, paragraph 62 which addresses reporting a change in entity, the City has restated the fiscal year 2019 financial statements. The effects of this change for fiscal year ended September 30, 2019 are as follows:

	Blended Special Revenue Fund (MHFC)		
	As originally stated 9/30/2019	Adjustment for MHFC (change to discrete presentation)	As restated 9/30/2019
Cash including restricted cash and investments	$ 104,424	$ (104,424)	$ -
Total assets	104,424	(104,424)	-
Liabilities	345	(345)	-
Unassigned fund balance	104,079	(104,079)	-
Total liabilities and fund balance	104,424	(104,424)	-
Total revenues	33,628	(33,628)	-
Total expenditures	51,467	(51,467)	-
Net change in fund balance	$ 85,095	$ (85,095)	$ -

	Discretely Presented Enterprise Fund (MHFC)		
	As originally stated 9/30/2019	Adjustment for MHFC (change to discrete presentation)	As restated 9/30/2019
Current assets:			
Cash and cash equivalents	$ -	$ 104,424	$ 104,424
Total assets	-	104,424	104,424
Current liabilities	-	345	345
Net position	-	104,079	104,079
Total liabilities and net position	-	104,424	104,424
Operating revenues: Charges for services	-	33,096	33,096
Total operating expenses	-	51,467	51,467
Operating income	-	(18,371)	(18,371)
Nonoperating revenues	-	532	532
Change in net position	$ -	$ (17,839)	$ (17,839)

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund's financial statements. The major governmental funds are the general fund, debt service fund, capital projects fund, and the grants fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are franchise fees and other charges between the government's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater enterprise fund, airport fund, and other proprietary funds are charges to customers for sales and services. The water and wastewater fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

Internal service funds are used to allocate associated costs of centralized services on a cost-reimbursement basis. The services provided to other City departments include providing risk financing and insurance-related activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The governmental fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Property taxes, franchise fees, sales taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Accounting

The following major funds are used by the City:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the major Governmental Funds of the City:

a. **The General Fund** is the operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

b. **The Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid from taxes levied by the City.

c. **The Capital Projects Fund** consists of various types of financial resources and is utilized in the acquiring or constructing of capital infrastructure within the City. These include facilities, streets, stormwater drainage, libraries, public safety, parks, recreation and technology.

d. **The Grants Fund** is used account for local, state, federal, and private grants received for governmental operations and projects.

Other Governmental Funds is a summarization of all of the non-major governmental funds.

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

a. **The Water and Wastewater Fund** is used to account for the operations of the water and wastewater system.

b. **The Airport Fund** is used to account for the operations of the airport.

Other Proprietary Funds is a summarization of all of the non-major proprietary funds.

The Insurance and Risk Management Fund is an internal service funds is used to account for the financing of services provided by one department to other departments of the City on a cost reimbursement basis. The insurance claims self-funded program of the City is accounted for in this fund. Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on City experience since the inception of the programs and data provided by actuarial consultants.

3. Agency fund:

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners, and others.

The City's fiduciary activities are reported in a Statement of Fiduciary Assets and Liabilities. The activities of these funds are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported are used for their intended purpose.

Cash, Cash Equivalents, and Investments

Cash of all funds, excluding the City's payroll clearing account, law enforcement bank account, EMS account, flexible spending account and certain escrow accounts, is pooled into a common interest earning bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments are recorded at amortized cost, and at fiscal year-end investments with original maturity greater than one year are reflected at fair value on the accompanying government-wide and fund financial statements.

Realized gains and losses on investments that have been held during more than one fiscal year, and sold in the current, were included as a change in the fair value of the investments reported in the prior year and the current year. Management's intent is to hold all investments to maturity.

In accordance with GASB Statement No. 31, the City's general policy is to report short-term treasury securities, U.S. government backed securities which have a remaining term of one year or less at time of purchase, and money market mutual funds at amortized costs.

Inventories and Prepaid Items

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are also classified as nonspendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. The City is not required to maintain a minimum level of inventory. Inventories in the Proprietary Funds consist of supplies and fuel and are recorded at the lower of cost or market.

Prepaid balances are for payments made by the City for which benefits extend beyond September 30, 2020, and the related nonspendable fund balance amount has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

The cost of governmental fund type prepaid balances is recorded as an expenditure when consumed rather than when purchased.

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts, and are reported as "due to/from other funds." Long-term advances between funds are reported as "advances to/from other funds" and represent the non-current portion of interfund loans.

Legally authorized transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The Utility Capital Projects Fund is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The Revenue Debt Service Fund is used to segregate resources accumulated for debt service payments over the next twelve months. The Revenue Bond Reserve Fund is used to report resources set aside to make up potential future deficiencies in the Revenue Debt Service Fund. The Revenue Bond Reserve Fund is required to reserve an amount not less than the average annual requirement for the payment of principal and interest on all the revenue bonds.

Also included in the restricted assets are capital recovery fees that are, by law, restricted to the projects these funds may be used to support. The Utility Development Impact Fee Fund is used to segregate these resources and to account for the use of these funds.

Customer deposits received for water and wastewater service are, by law, to be considered restricted assets. These activities are included in the Water and Wastewater Enterprise Fund.

The Utility Capital Projects Fund, Revenue Debt Service Fund, Revenue Bond Reserve Fund, and Utility Development Impact Fee Funds are included in the Water and Wastewater column on the proprietary funds statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.
Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings/Structures	10 to 50
Land Improvements	20
Water and Sewer System	50
Machinery and Equipment	3 to 15
Motor Vehicles	3 to 10
Traffic Signals	10 to 15
Parks	20
Service Animals	7 to 10
Storm Sewer	50
Streets	20

Compensated Absences

Vacation is earned in varying amounts up to a maximum of 200 hours per year for employees and 300 hours for fire shift personnel with 20 years or more of service. Unused vacation may be carried forward from one year to the next and is limited to 300 hours for employees and 450 hours for fire shift personnel. Sick leave is accrued by employees at a rate of 11.37 hours per month and by fire shift personnel at a rate of 15.4 hours per month.

Compensation for accrued sick leave is paid upon separation up to a maximum of 160 hours for employees (excluding fire and sworn police personnel) with 5 consecutive years of service. Qualifying fire personnel are eligible for varying amounts of sick leave up to a maximum of 1080 hours after 20 years of service. Qualifying sworn police personnel are eligible for varying amounts of sick leave up to a maximum of 770 hours after 20 years of service.

All vacation and sick leave pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Deferred charges for refunding are amortized using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is recorded as deferred outflows of resources.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Allocations of pension items to the City's enterprise funds and component units are determined on the basis of employee payroll funding.

Defined Benefit Other Postemployment Benefit Plans

The City has two single-employer defined benefit other postemployment benefit (OPEB) plans (Plans). For purposes of measuring the total OPEB liability of each OPEB plan, deferred outflows of resources and deferred inflows of resources related to each OPEB plan, and OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms for the Plans.

Governmental Activities, Business-type Activities and Component Units of the City reported the following total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEBs as of September 30, 2020:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:			
Retiree Health Care Plan	$ 18,993,940	$ 2,296,966	$ 127,611
Supplemental Death Benefits Plan	2,230,763	774,080	476,653
	$ 21,224,703	$ 3,071,046	$ 604,264
Business-Type Activities:			
Retire Health Care Plan	$ 2,540,803	$ 307,264	$ 17,070
Component Units:			
Retire Health Care Plan	$ 340,849	$ 41,220	$ 2,290

For the year ended September 30, 2020, the City recognized aggregate OPEB expense of $2,416,126.

Allocations of OPEB items to the City's enterprise funds and component units are determined on the basis of full-time employee counts by department.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of net pension liability) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Excess consideration provided for acquisition – In November 2013, the City purchased the hangars, office building/terminal, miscellaneous furniture and fixture, and fixed base operations (FBO) from various related business entities at McKinney National Airport. This is the amount, net of amortization, which the City paid in excess of the fair value of the assets for the fixed base business operations. The deferred charges are being amortized over a period of 18 years.

- Pension contributions after measurement date – These contributions are deferred and reported as a reduction in net pension liability or increase in net pension asset in the year subsequent to their deferral.

- OPEB benefit and premium payments after measurement date – These benefit payments are deferred and reported as a reduction in total OPEB liability in the year subsequent to their deferral.

- Difference in projected and actual experience (pensions and OPEBs) – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

- Changes of Assumptions (pensions and OPEBs) – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

- Difference in projected and actual earnings on pension investments – This difference is deferred and amortized to pension expense over a closed five year period.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue or reduction in pension and OPEB expense) until that time. The City has three types of items that qualify for reporting in this category in the government-wide financial statements. The difference in expected and actual experience and changes of assumptions are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. In the fund financial statements, resources unavailable for revenue recognition are deferred and recognized as revenue when available.

Fund Equity

The City establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to observe the constraints imposed upon the use of the resources reported in governmental funds on accordance with GASB Statement No. 54. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned and Unassigned.

Nonspendable fund balance represents fund balance that is (a) not in a spendable form such as prepaid items or (b) legally or contractually required to be maintained intact such as an endowment.

Restricted fund balance consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources as approved by the City Council or by their designated body or official.

Committed fund balances are self-imposed limitations set in place prior to the end of the fiscal period. These amounts can be used only for the specific purposes determined and approved by formal action of the City Council, which is the highest level of decision making authority for the City. The same level of formal action is required to remove the constraint.

Assigned fund balance consists of amounts that are subject to a purpose constraint that represents an intended use established by the City Council or the City Manager as defined in the Financial Policies.

Unassigned fund balance includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

The City will maintain a minimum fund balance reserve equal to three months of the total operating expenses of the General Fund. All fund balances are formally approved on an annual basis by the City Council.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Data

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. Each department submits to the City Manager a budget of estimated expenditures for the ensuing fiscal year no later than August 1. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15.

Upon receipt of the budget estimates, the Council holds a first reading on the Budget Ordinance and Tax Roll Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City. The Council is precluded from passing the Budget Ordinance (second reading) until ten days have passed after the Ordinance publication and after the first Monday in September.

Prior to October 1, the budget is legally enacted through passage of an ordinance. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgetary control has been established at the detail level by line item activity for management control.

Budgeted amounts are as originally adopted, or as legally amended. The City Council may amend the budget by passing a budget appropriation ordinance. During fiscal year 2020, the total amendments to the original adopted budgeted amounts resulted in a $1,798,795 decrease in budgeted General Fund expenditures and Transfers Out.

Budgets for the General Fund, Debt Service Fund, Capital Projects Fund, Grants Fund, and each nonmajor special revenue fund are legally adopted on a basis consistent with GAAP.

Departmental appropriations that have not been expended or encumbered by the departments at the end of the fiscal year will lapse. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

Encumbrances represent commitments related to unperformed contracts for goods or services. The commitments (purchase orders, contracts and other commitments for the expenditure of funds) are not treated as expenditures until a liability for payment is incurred but are merely used to facilitate effective budget control and cash planning and management.

Note 3. Detailed Notes on All Funds

Cash and Investments

Cash and investments as of September 30, 2020, consist of and are classified in the accompanying financial statements as follows:

PRIMARY GOVERNMENT		
Statement of net position:		
Cash and cash equivalents	$	235,746,936
Investments		36,698,578
Restricted cash and cash equivalents		282,921,988
Restricted investments		6,963,573
Total cash and investments	$	562,331,075
Cash on hand	$	11,026
Deposits with financial institution, excluding certificates of deposit		22,034,983
Investments		540,285,066
Total cash and investments	$	562,331,075
COMPONENT UNITS		
Statement of net position:		
Cash and cash equivalents	$	73,341,620
Restricted cash and cash equivalents		1,819,605
Total cash and investments	$	75,161,225
Cash on hand	$	400
Deposits with financial institution, excluding certificates of deposit		1,424,557
Investments		73,736,268
Total cash and investments	$	75,161,225

The table below identifies the investment types that are authorized for the City by the *Public Funds Investment Act* (Government Code Chapter 2256), the "Act". The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City investment policy is designed to manage its exposure to interest rate risk by investing in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City policy has a weighted average maturity limit of 730 days in aggregate.

As of September 30, 2020, the City had the following investments:

Investment Type		Amount	Weighted Average Maturity
PRIMARY GOVERNMENT			
TexPool	$	98,308,545	38 days
TexPool Prime		35,294,332	53 days
LOGIC		166,340,935	48 days
Texas Daily		98,855,187	53 days
Texas CLASS		97,823,916	56 days
Federal Agency Securities		43,662,151	
Total Fair Value	$	540,285,066	
COMPONENT UNITS			
TexPool	$	3,443,455	38 days
TexPool Prime		18,852,262	53 days
LOGIC		15,515,378	48 days
Texas Daily		22,623,070	53 days
Texas CLASS		13,302,103	56 days
Total Fair Value	$	73,736,268	
Total Fair Value - Reporting Entity	$	614,021,334	

* The table reflects the investment pool's weighted average maturity as it relates to the City's investment policy.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
PRIMARY GOVERNMENT			
TexPool	$ 98,308,545	AAA/AAA-m	AAA-m
TexPool Prime	35,294,332	AAA/AAA-m	AAA-m
LOGIC	166,340,935	AAA/AAA-m	AAA-m
Texas Daily	98,855,187	AAA/AAA-m	AAA-m
Texas CLASS	97,823,916	AAA/AAA-m	AAA-m
Federal Agency Securities	43,662,151	AAA	AAA
	$ 540,285,066		

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
COMPONENT UNITS			
TexPool	$ 3,443,455	AAA/AAA-m	AAA-m
TexPool Prime	18,852,262	AAA/AAA-m	AAA-m
LOGIC	15,515,378	AAA/AAA-m	AAA-m
Texas Daily	22,623,070	AAA/AAA-m	AAA-m
Texas CLASS	13,302,103	AAA/AAA-m	AAA-m
	$ 73,736,268		

Custodial Credit Risk

The Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2020, the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The City is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the net asset value of TexPool shares.

The City invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a public funds investment pool managed by Southwest Securities Group, Inc. LOGIC uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the net asset value of LOGIC shares.

The City is invested in Texas Daily, a portfolio of the TexasTERM Local Government Investment Pool (Pool) which was created by Texas local governments to provide investment programs tailored to the needs of Texas cities, counties, school districts and other public investors. The Pool is directed by an Advisory Board of experienced local government finance directors and treasurers. The Advisory Board contracts for services with professional service providers who are industry leaders in their field.

The City is invested in Texas Cooperative Liquid Assets Securities System (Texas CLASS) Trust. Texas CLASS was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code, or other laws of the State of Texas governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Cutwater Investor Services Corp. with Wells Fargo Bank Texas, NA as the Custodian. Texas CLASS is supervised by a Board of Trustees who are elected by the participants.

Property Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31st. Current tax collections for the year ended September 30, 2020, were 99.56% of the adjusted tax levy.

Allocations of property tax levy by purpose for 2020 and the preceding year are as follows (amounts per $100 assessed value):

	2020	2019
General Fund	$ 0.355393	$ 0.362389
Debt Service	0.160207	0.162781
	$ 0.515600	$ 0.525170

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within sixty days following the close of the fiscal year have been recognized as revenue at the fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios.

The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed valuation. The City operates under a Home Rule Charter which also imposes a limit of $2.50 but does not prescribe a legal debt limit. The 2020 ad valorem tax rate of $0.515600 is in compliance with the rate limitation.

Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds					
	General	Debt Service	Capital Projects	Grants	Non-Major Governmental Funds	Total
Interest	$ 70,211	$ -	$ 54,667	$ -	$ -	$ 124,878
Taxes	9,545,082	337,349	-	-	131,287	10,013,718
Accounts	3,654,956	13,620	-	1,435,326	103,961	5,207,863
Notes	1,156,052	-	-	-	-	1,156,052
Due from other governments	1,056,199	-	278,932	213,055	271,304	1,819,490
Gross receivables	15,482,500	350,969	333,599	1,648,381	506,552	18,322,001
Less: allowance	(959,777)	-	-	-	-	(959,777)
Net total receivables and due from other governments	$ 14,522,723	$ 350,969	$ 333,599	$ 1,648,381	$ 506,552	$ 17,362,224

	Business-type Activities			
	Water Wastewater	Airport	Other Enterprise Funds	Total
Customer accounts	$ 12,555,396	$ 36,824	$ 2,021,494	$ 14,613,714
Less: allowance	(215,589)	-	(6,199)	(221,788)
Net total receivables	$ 12,339,807	$ 36,824	$ 2,015,295	$ 14,391,926
Accrued interest receivable	$ 25,581	$ -	$ 2,750	$ 28,331

The business-type activities accounts receivable includes unbilled charges for services rendered at September 30, 2020. The Water and Wastewater Fund also reported restricted interest receivables at yearend of $25,581.

At September 30, 2020, accounts and notes receivable on the Statement of Net Position represent amounts owed to the MEDC for loans made to private businesses in the community. If certain contractual obligations are met by some of these private enterprises at a future date, a portion of the amounts owed may be forgiven. Due to the likelihood that the provisions would be met by the corporations the City has elected to expense the advance at the time of transfer. At September 30, 2020, accounts receivable includes $2,808,763 representing sales tax owed to MEDC. Receivables as of year-end for MEDC were collected after year end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2020.

At September 30, 2020, accounts receivable include $2,808,763 representing sales tax owed to MCDC. Receivables as of year-end for MCDC were collected after year end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2020.

At September 30, 2020, MMS accounts receivable include $2,000 for services provided. Receivables as of year-end for MMS were collected after year-end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2020.

At September 30, 2020, MHFC accounts receivable include $7,500 for services provided. Receivables as of year-end for MHFC were collected after year-end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2020.

Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 42,585,296	$ 271,343	$ -	$ 4,085,955	$ 46,942,594
Works of art	87,600	6,000	-	-	93,600
Construction in progress	71,128,267	65,645,542	-	(14,160,006)	122,613,803
Total capital assets, not being depreciated	113,801,163	65,922,885	-	(10,074,051)	169,649,997
Capital assets being depreciated:					
Buildings	170,338,749	370,662	-	124,877	170,834,288
Infrastructure	812,542,869	16,682,669	-	9,778,842	839,004,380
Machinery & equipment	68,027,605	7,945,594	(3,626,359)	170,332	72,517,172
Service animals	20,000	18,500	(5,000)	-	33,500
Total capital assets being depreciated	1,050,929,223	25,017,425	(3,631,359)	10,074,051	1,082,389,340
Less accumulated depreciation for:					
Buildings	(46,809,643)	(4,668,236)	-	-	(51,477,879)
Infrastructure	(448,780,320)	(33,329,340)	-	-	(482,109,660)
Machinery and equipment	(42,573,235)	(6,156,595)	3,218,052	-	(45,511,778)
Service animals	(8,906)	(4,326)	667	-	(12,565)
Total accumulated depreciation	(538,172,104)	(44,158,497)	3,218,719	-	(579,111,882)
Total capital assets being depreciated, net	512,757,119	(19,141,072)	(412,640)	10,074,051	503,277,458
Governmental activities, capital assets, net	$ 626,558,282	$ 46,781,813	$ (412,640)	$ -	$ 672,927,455

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 52,366,832	$ -	$ -	$ 1,303,941	$ 53,670,773
Construction in progress	50,301,840	42,497,361	-	(22,685,798)	70,113,403
Total capital assets, not being depreciated	102,668,672	42,497,361	-	(21,381,857)	123,784,176
Capital assets being depreciated:					
Buildings	45,654,242	25,001	-	9,374,524	55,053,767
Infrastructure	536,958,617	21,080,310	(331,899)	12,007,333	569,714,361
Machinery & equipment	15,690,887	2,904,245	(772,847)	-	17,822,285
Total capital assets being depreciated	598,303,746	24,009,556	(1,104,746)	21,381,857	642,590,413
Less accumulated depreciation for:					
Buildings	(13,866,634)	(1,759,102)	-	-	(15,625,736)
Infrastructure	(141,213,344)	(12,506,457)	104,444	-	(153,615,357)
Machinery and equipment	(9,079,550)	(1,467,558)	740,630	-	(9,806,478)
Total accumulated depreciation	(164,159,528)	(15,733,117)	845,074	-	(179,047,571)
Total capital assets being depreciated, net	434,144,218	8,276,439	(259,672)	21,381,857	463,542,842
Business-type activities, capital assets, net	$ 536,812,890	$ 50,773,800	$ (259,672)	$ -	$ 587,327,018

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	$ 3,181,470
Police	1,755,709
Fire	2,491,839
Libraries	383,812
Development	260,003
Parks and recreation	4,990,648
Public works	31,095,016
Total depreciation expense - governmental activities	$ 44,158,497
Business-type activities:	
Water and Wastewater	$ 11,216,726
Airport	4,246,360
Solid Waste	58,413
Surface Water Drainage	153,342
Golf Course	58,276
Total depreciation expense - business-type activities	15,733,117
Airport	
Amortization of excess cost of consideration	393,066
Total depreciation and amortization - business-type activities	$ 16,126,183

Capital asset activity for discretely presented component units for the year ended September 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MEDC:					
Capital assets, not being depreciated:					
Land	$ 66,905,887	$ -	$ -	$ -	$ 66,905,887
Total capital assets, not being depreciated	66,905,887	-	-	-	66,905,887
Capital assets, being depreciated:					
Improvements other than buildings	257,783	-	-	-	257,783
Machinery and equipment	61,087	-	-	-	61,087
Total capital assets being depreciated	318,870	-	-	-	318,870
Less accumulated depreciation for:					
Improvements other than buildings	(257,783)	-	-	-	(257,783)
Machinery and equipment	(30,734)	(10,011)	-	-	(40,745)
Total accumulated depreciation	(288,517)	(10,011)	-	-	(298,528)
Total capital assets, being depreciated, net	30,353	(10,011)	-	-	20,342
Capital Assets, Net	$ 66,936,240	$ (10,011)	$ -	$ -	$ 66,926,229

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MCDC:					
Capital Assets, not being depreciated:					
Land	$ 630,952	$ -	$ -	$ -	$ 630,952
Total capital assets, not being depreciated	630,952	-	-	-	630,952
Capital assets, being depreciated:					
Infrastructure	206,765	-	-	-	206,765
Total capital assets, being depreciated	206,765	-	-	-	206,765
Less accumulated depreciation for:					
Infrastructure	(73,229)	(10,339)	-	-	(83,568)
Total accumulated depreciation	(73,229)	(10,339)	-	-	(83,568)
Total capital assets, being depreciated, net	133,536	(10,339)	-	-	123,197
Capital Assets, Net	$ 764,488	$ (10,339)	$ -	$ -	$ 754,149

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MMS:					
Capital assets being depreciated:					
Infrastructure	$ -	$ 123,203	$ -	$ -	$ 123,203
Machinery & equipment	74,901	-	-	-	74,901
Total capital assets being depreciated	74,901	123,203	-	-	198,104
Less accumulated depreciation for:					
Infrastructure	-	(2,053)	-	-	(2,053)
Machinery and equipment	(22,186)	(11,338)	-	-	(33,524)
Total accumulated depreciation	(22,186)	(13,391)	-	-	(35,577)
Total capital assets being depreciated, net	52,715	109,812	-	-	162,527
Capital Assets, Net	$ 52,715	$ 109,812	$ -	$ -	$ 162,527

Capital Improvement Program Commitments

The City has active construction projects as of September 30, 2020. The projects include Governmental type activities such as: streets, parks, fire, police, facilities, library, and stormwater construction. The commitment for Governmental Activities is being financed by General Obligation Bonds, Certificates of Obligation Bonds, impact fees, developer contributions, and grants. The Water/Wastewater and Airport commitments are being financed by revenue bonds, Certificates of Obligation Bonds, impact fees, developer contributions, and grants. The remaining commitment was for expenditures not yet incurred.

Commitments for construction in progress are composed of the following:

	Project Budget Appropriation	Spent-to-date	Remaining Commitment
Governmental	$ 347,346,366	$ 140,356,643	$ 206,989,723
Water and Wastewater	154,771,867	95,070,278	59,701,589
Airport	35,145,386	16,997,328	18,148,058
Total	$ 537,263,619	$ 252,424,249	$ 284,839,370

Interfund Receivables, Payables and Transfers

A summary of interfund receivables and payables balances at September 30, 2020, is as follows:

Receivable Fund	Payable Fund	Amount	Primary Purpose
General Fund	Water/Wastewater Fund	$ 316,433	Franchise fee accrual
General Fund	Solid Waste Fund	38,017	License fee accrual
General Fund	Grants Fund	106,999	To cover cash shortage
General Fund	Non-Major Governmental Funds	99,407	To cover cash shortage
Water/Wastewater Fund	Solid Waste Fund	15,900	Sanitation billing accrual
	Total	$ 576,756	

Transfers between funds during the year were as follows:

	Transfers In						
Transfer Out	General fund	Capital projects	Non-Major governmental funds	Airport	Grants	Non-Major enterprise funds	Total
Capital projects	$ -	$ -	$ -	$ 8,000,000	$ -	$ -	$ 8,000,000
Internal service	1,000,000	-	-	-	-	-	1,000,000
Non-Major enterprise funds	929,499	2,000,000	-	-	-	-	2,929,499
General fund	-	3,500,000	100,000	-	205,500	-	3,805,500
Non-Major governmental funds	4,346,341	198,577	-	-	-	-	4,544,918
Water and wastewater	3,909,153	2,500,000	-	-	-	83,873	6,493,026
	$ 10,184,993	$ 8,198,577	$ 100,000	$ 8,000,000	$ 205,500	$ 83,873	$ 26,772,943

Transfers are used to:

- Move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due.
- Move restricted amounts from borrowing to the debt service fund to establish mandatory reserve accounts.
- Move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grants programs.
- Support monthly general and administrative fees which are expected to be paid from governmental activities.

The City's more significant transfers are listed below:

- Transfers of $2,652,652 were made from the enterprise funds to the general fund in order to support monthly general and administrative fees.
- A transfer of $4,081,391 was made from a nonmajor governmental fund to the general fund for a capital asset purchase.
- Transfers of $3,500,000 were made from the general fund and $2,500,000 from the water and wastewater fund to the capital projects fund for CIP projects.
- Transfer of $8,000,000 was made from the capital projects fund to the airport fund to transfer proceeds from the debt issued by the primary government for airport expansion.

In addition to the schedule above, transfers of $267,416 consisting of capital assets were made from governmental activities to enterprise funds.

Note Receivable

In January 2010, City Council approved a loan from the solid waste fund to the golf course fund. The loan was issued in the amount of $800,000. In March 2011, City Council approved an increase to the existing loan of $261,000. The balance of the note as of September 30, 2020, is $576,753. Under the loan agreement, the golf course fund will make interest payments annually at a rate of 1.75% through 2030.

In March 2017, City Council approved a loan from the solid waste fund to the airport fund. The loan was issued in the amount of $5,000,000. Under the loan agreement, the airport will make interest payments annually at a rate of 1.49% through 2028. As of September 30, 2020, the outstanding balance was $4,319,150.

Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. Tax, court, EMS and franchise fees which are reported as unavailable revenue in the governmental funds are recorded as revenue in the government-wide financial statements. Grant and miscellaneous revenues are reported as unearned in both the governmental fund and government-wide financial statements.

At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Grants Fund	Total Unavailable Revenue	Total Unearned Revenue
Tax revenue	$ 754,602	$ 338,600	$ -	$ -	$ 1,093,202	$ -
Court revenue	17,365	-	-	-	17,365	-
EMS revenue	798,858	-	-	-	798,858	-
Franchise fees	1,045,263	-	-	-	1,045,263	-
Miscellaneous	585,151	-	-	-	-	585,151
Grants	-	-	37,558	6,807,421	-	6,844,979
	$ 3,201,239	$ 338,600	$ 37,558	$ 6,807,421	$ 2,954,688	$ 7,430,130

Long-Term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2020, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 219,165,000	$ 59,515,000	$ (37,365,000)	$ 241,315,000	$ 26,060,000
Certificates of obligation	35,045,000	8,085,000	(10,800,000)	32,330,000	2,060,000
	254,210,000	67,600,000	(48,165,000)	273,645,000	28,120,000
Issuance premium	23,071,416	11,835,261	(3,540,353)	31,366,324	4,309,414
Total bonds payable	277,281,416	79,435,261	(51,705,353)	305,011,324	32,429,414
Capital lease	4,552,459	-	(4,552,459)	-	-
Net pension liability	49,527,143	-	(15,217,867)	34,309,276	-
Total OPEB liability	18,146,794	3,077,909	-	21,224,703	-
Compensated absences	12,258,749	2,200,302	(442,174)	14,016,877	841,013
Governmental activities - long-term debt	$ 361,766,561	$ 84,713,472	$ (71,917,853)	$ 374,562,180	$ 33,270,427
Business-type activities:					
Bonds payable:					
Water and Wastewater revenue bonds	$ 133,020,000	$ 22,075,000	$ (11,595,000)	$ 143,500,000	$ 8,625,000
Issuance premium	15,272,986	4,130,897	(1,751,494)	17,652,389	1,965,147
Total bonds payable	148,292,986	26,205,897	(13,346,494)	161,152,389	10,590,147
Net pension liability	6,236,682	-	(1,647,161)	4,589,521	-
Total OPEB liability	2,027,999	512,804	-	2,540,803	-
Compensated absences	1,155,646	435,868	(140,843)	1,450,671	87,040
Business-type activities - long-term debt	$ 157,713,313	$ 27,154,569	$ (15,134,498)	$ 169,733,384	$ 10,677,187

A summary for long-term debt transactions, including current portion, for the discretely presented component units for the year ended September 30, 2020 is as follows:

MEDC:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
Sales tax revenue bonds	$ 26,745,000	$ -	$ (3,015,000)	$ 23,730,000	$ 3,130,000
Net pension liability	686,178	-	(312,188)	373,990	-
Total OPEB liability	223,126	-	(16,082)	207,044	-
Compensated absences	80,279	17,737	-	98,016	5,881
Component unit activities Long-term debt	$ 27,734,583	$ 17,737	$ (3,343,270)	$ 24,409,050	$ 3,135,881
MCDC:					
Bonds payable					
Sales tax revenue bonds	$ 20,390,000	$ -	$ (1,010,000)	$ 19,380,000	$ 1,030,000
Net pension liability	110,520	-	(14,639)	95,881	-
Total OPEB liability	35,938	17,143	-	53,081	-
Compensated absences	40,405	6,503	-	46,908	2,815
Component unit activities Long-term debt	$ 20,576,863	$ 23,646	$ (1,024,639)	$ 19,575,870	$ 1,032,815
MCVB:					
Net pension liability	$ 201,710	$ -	$ (55,895)	$ 145,815	$ -
Total OPEB liability	65,591	15,133	-	80,724	-
Compensated absences	64,544	4,313	-	68,857	4,131
Component unit activities Long-term debt	$ 331,845	$ 19,446	$ (55,895)	$ 295,396	$ 4,131

Compensated Absences
Compensated absences represent the estimated liability for employees' accrued holiday, portion of sick leave, compensatory time and vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund and Enterprise Funds based on the assignment of an employee at termination.

General Obligation Bonds and Certificates of Obligation
The General Obligation Bonds include $273,645,000 of Bonds and Certificates of Obligation with interest rates ranging from 1.00% to 5.00% maturing annually in varying amounts through 2040. Interest for these obligations is payable semi-annually. They are backed by the full faith and credit of the City and are payable from property taxes. The Certificates are additionally secured, by a limited pledge of certain net revenues of the City as specified in their official statements.

In August 2020, the City issued $40,290,000 General Obligation Bonds, Series 2020A. The debt was issued for various public improvements. The bonds were issued with a premium of $8,500,186 with interest rates ranging from 2.00% to 5.00% and mature through 2040.

In August 2020, the City issued $19,255,000 General Obligation Refunding Bonds, Series 2020B. The debt was issued to refund remaining amounts of two prior issuances including the General Obligation Bonds, Series 2010 of $13,315,000 and the Tax and Limited Pledge Waterworks and Sewer System Revenue Certificates of Obligation, Series 2010 of $8,930,000. The bonds were issued with a premium of $3,257,565 with interest rates ranging from 2.00% to 5.00% and matures through 2030. This refunding resulted in a net present value savings of $4,925,984. The net carrying amount of the reacquisition price exceeds the old debt by $58,303.

In August 2020, the City issued $8,085,000 Tax & Limited Pledge Airport Revenue Certificates of Obligation, Series 2020. The debt was issued to make various permanent public improvements of the Airport System for the City. The bonds were issued with a premium of $77,510 with interest rates ranging from 1.00% to 3.00% and mature through 2040.

Debt service requirements of the general obligation bonds and certificates of obligation bonds for the years subsequent to September 30, 2020, are as follows:

	General Obligation Bonds			Certificates of Obligation			
Fiscal Year	Principal Requirements	Interest Requirements	Total Requirements	Principal Requirements	Interest Requirements	Total Requirements	Total GO and CO Requirements
2021	$ 26,060,000	$ 10,640,034	$ 36,700,034	$ 2,060,000	$ 1,096,689	$ 3,156,689	$ 39,856,723
2022	19,555,000	9,465,586	29,020,586	2,105,000	1,042,833	3,147,833	32,168,419
2023	20,200,000	8,501,406	28,701,406	2,180,000	973,138	3,153,138	31,854,544
2024	19,795,000	7,527,231	27,322,231	2,255,000	899,024	3,154,024	30,476,255
2025	15,530,000	6,540,631	22,070,631	2,200,000	819,946	3,019,946	25,090,577
2026-2030	63,035,000	22,842,549	85,877,549	10,220,000	2,969,445	13,189,445	99,066,994
2031-2035	51,350,000	9,849,209	61,199,209	9,040,000	1,302,170	10,342,170	71,541,379
2036-2040	25,790,000	1,711,744	27,501,744	2,270,000	137,783	2,407,783	29,909,527
	$ 241,315,000	$ 77,078,390	$ 318,393,390	$ 32,330,000	$ 9,241,028	$ 41,571,028	$ 359,964,418

Proceeds of General Obligation Bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond elections. The City Charter expressly prohibits the use of bond proceeds to fund operating expenditures. The City Charter does not prescribe a debt limit.

Revenue Bonds

The revenue bonds are serial obligations with interest rates ranging from 2.00% to 5.00%, maturing annually in varying amounts through years 2040 and interest is payable semi-annually. Revenue bonds are used to finance the acquisition and construction of major capital improvements for the water and sewer system and related facilities. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer system.

The revenue bonds are collateralized by the revenue of the Water and Wastewater Fund and the Debt Service Reserve Fund established by the bond ordinances. The ordinances provide that the gross revenues are to be used first to pay operating and maintenance expenses of the system, and second to maintain revenue bond funds in accordance with bond covenants. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. Annual principal and interest requirements on revenue bonds was less than 40 percent of net revenues. The City is in compliance with the revenue bond debt covenants as of September 30, 2020.

In August 2020, the City issued $22,075,000 of Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2020. The debt was issued to refund remaining amounts of the Waterworks and Sewer System Revenue Bonds, Series 2010 of $3,570,000. The bonds were issued with a premium of $4,130,897 with interest rates ranging from 2.00% to 5.00% and matures through 2040. This refunding resulted in a net present value savings of $589,523. The net carrying amount of the reacquisition price exceeds the old debt by $68,645.

Debt service requirements of the water and wastewater revenue bonds for the years subsequent to September 30, 2020, are as follows:

	Revenue Bonds		
Fiscal Year	Principal Requirements	Interest Requirements	Total Requirements
2021	$ 8,625,000	$ 5,966,338	$ 14,591,338
2022	8,940,000	5,534,225	14,474,225
2023	9,200,000	5,147,163	14,347,163
2024	9,450,000	4,771,331	14,221,331
2025	9,600,000	4,340,744	13,940,744
2026-2030	36,315,000	16,133,319	52,448,319
2031-2035	36,795,000	8,060,122	44,855,122
2036-2040	24,575,000	1,320,550	25,895,550
	$ 143,500,000	$ 51,273,792	$ 194,773,792

Sales Tax Revenue Bonds

The sales tax revenue bonds are serial obligations with interest rates ranging from 2.48% to 4.38%, maturing annually in varying amounts through years 2035 and interest is payable semi-annually. These bonds are special obligations of the corporations payable from and secured by a lien on and pledge of the proceeds of the ¼ of the ½ cent sales and use tax levied within the City for the benefit of the respective component unit corporation.

The sales tax revenue bonds are used to defray the cost of any "project" defined as such by the Development Corporation Act of 1979, as amended. MEDC bonds were issued for approved projects of runway improvements at the City's airport and land acquisition. MCDC bonds were issued to construct and equip a community aquatics and fitness center to be donated to the City. These bonds are collateralized by the gross sales tax revenues of the corporations and the various special funds established by the bond ordinances. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met.

Annual principal and interest requirements on sales tax revenue bonds for the Corporations were less than 15% of gross sales tax revenues. The Corporations are in compliance with the bond covenants as of September 30, 2020.

Debt service requirements for the discretely presented component units of the sales tax revenue bonds for the years subsequent to September 30, 2020, are as follows:

	Sales Tax Revenue Bonds		
MEDC Fiscal Year	Principal Requirements	Interest Requirements	Total
2021	$ 3,130,000	$ 832,733	$ 3,962,733
2022	3,250,000	725,582	3,975,582
2023	3,375,000	614,312	3,989,312
2024	3,510,000	498,021	4,008,021
2025	3,640,000	376,252	4,016,252
2026-2028	6,825,000	504,065	7,329,065
	$ 23,730,000	$ 3,550,965	$ 27,280,965

MCDC Fiscal Year	Principal Requirements	Interest Requirements	Total
2021	$ 1,030,000	$ 688,848	$ 1,718,848
2022	1,055,000	663,284	1,718,284
2023	1,085,000	636,044	1,721,044
2024	1,115,000	605,436	1,720,436
2025	1,145,000	572,867	1,717,867
2026-2030	6,320,000	2,271,142	8,591,142
2031-2035	7,630,000	968,905	8,598,905
	$ 19,380,000	$ 6,406,526	$ 25,786,526

Conduit Debt

The McKinney Housing Finance Corporation (MHFC) issued conduit debt for purposes of low income housing development in the City of McKinney. Neither the City nor the MHFC has any obligation for such debt beyond the resources provided by a lease or loan with the third party. As of September 30, 2020, the aggregate outstanding conduit debt is $68,847,473.

Capital Leases
In prior years, the City entered into two capital leases to acquire fire trucks classified as general government machinery and equipment in the gross amount of $2,451,255 with a net book value of $1,317,523. The final payment was made in fiscal year 2020, leaving a remaining lease liability of $0 at September 30, 2020. In February 2019, a 5-year capital lease of $4,600,000 commenced along with a $3,000,000 down payment to acquire a downtown parking garage and related land. These assets were classified as general government buildings and land in the gross amount of $7,600,000 with a net book value of $6,303,996 for buildings and $1,021,917 for land. In November 2019, the City exercised its option for early purchase of the parking garage and land, and thus the remaining lease liability was $0 at September 30, 2020.

Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Purpose	Cash and Investments	Accrued Interest Receivable	Total
Water and Wastewater Funds:			
Operating Fund	$ 4,210,665	$ -	$ 4,210,665
Utility Capital Projects Fund	96,817,330	-	96,817,330
Utility Development Impact Fee	5,467,274	-	5,467,274
Revenue Debt Service Fund	9,145,119	-	9,145,119
Revenue Bond Reserve Fund	8,788,490	25,581	8,814,071
Airport Funds:			
Operating Fund	152,514	-	152,514
Airport Construction Fund	12,873,854	-	12,873,854
Golf Course Fund	10,000	-	10,000
	$ 137,465,246	$ 25,581	$ 137,490,827

The ordinance authorizing the water and wastewater system revenue bonds requires that the City establish a fund, Revenue Bond Reserve Fund, to reserve an amount not less than the average annual requirement for the payment principal and interest on all the revenue bonds. At September 30, 2020, net position is sufficient to satisfy such bond ordinance requirements.

The ordinance further requires that the proceeds from the sale of revenue bonds be expended for certain capital improvements to the water and wastewater system. The proceeds are maintained as Restricted Assets – Utility Capital Projects Fund until such time as needed to fund the water and wastewater system construction program.

Note 4. Deferred Compensation Plan

Revenue Code Section 457. One plan is administered by the International City Management Association Retirement Corporation (ICMARC) and the other is administered by Nationwide. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries, therefore it is not reported in the financial statements of the City. Assets and liabilities are not included in the City's basic financial statements.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Note 5. Pension Plan

Plan Description

The City and three of its component units participate as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit agent multiple-employer pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS, an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (TMRS Act) is an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the City are as follows:

Employee Deposit Rate:	7.0%
Matching Ratio (City to employee)	2 to 1
Years required for vesting	5 years
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% Repeating, Transfers
Annuity increase to retirees	70% of CPI Repeating

Employees Covered by Benefit Terms:

At the December 31, 2019, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	342
Inactive employees entitled to but not yet receiving benefits	492
Active employees	1,155
	1,989

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. Employer contributions are actuarially determined; for the fiscal year ended September 30, 2020, the City and its component units made contributions of $13,332,675 or 14.95% of covered payroll.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	30%	5.30%
Core fixed income	10%	1.25%
Non-core fixed income	20%	4.14%
Real return	10%	3.85%
Real estate	10%	4.00%
Absolute return	10%	3.48%
Private equity	10%	7.75%
	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% rate and employer contributions will be made at the rates specified by statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of October 1, 2019	$ 299,674,599	$ 242,912,366	$ 56,762,233
Changes for the year:			
Service cost	15,704,599	-	15,704,599
Interest on total pension liability	20,486,802	-	20,486,802
Effect of difference in expected and actual experience	1,546,692	-	1,546,692
Change in assumptions	1,126,181	-	1,126,181
Benefit payments	(8,037,441)	(8,037,441)	-
Administrative expenses	-	(212,196)	212,196
Member contributions	-	5,939,071	(5,939,071)
Net investment income	-	37,605,557	(37,605,557)
Employer contributions	-	12,785,966	(12,785,966)
Other	-	(6,374)	6,374
Balances as of September 30, 2020	$ 330,501,432	$ 290,986,949	$ 39,514,483
City	$ 325,345,610	$ 286,446,813	$ 38,898,797
Component Units	$ 5,155,822	$ 4,540,136	$ 615,686

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City and its component units, calculated using the discount rate of 6.75%, as well as what the City and its component unit's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 91,809,751	$ 38,898,797	$ (4,044,780)
Component unit's net pension liability:			
MEDC	896,895	373,990	(39,514)
MCDC	229,940	95,881	(10,130)
MCVB	349,690	145,815	(15,406)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City and its component units recognized pension expense of $14,510,021 and $229,664, respectively.

At September 30, 2020, the City and its component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		MEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,069,067	$ (794,652)	$ 29,507	$ (7,629)
Changes in assumptions	937,019	-	9,009	-
Differences between projected and actual investment earnings	-	(8,571,010)	-	(82,406)
Contributions subsequent to the measurement date	9,507,746	-	91,412	-
Total	$ 13,513,832	$ (9,365,662)	$ 129,928	$ (90,035)

	MCDC		MCVB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,565	$ (1,956)	$ 11,505	$ (2,975)
Changes in assumptions	2,310	-	3,512	-
Differences between projected and actual investment earnings	-	(21,127)	-	(32,129)
Contributions subsequent to the measurement date	23,437	-	35,641	-
Total	$ 33,312	$ (23,083)	$ 50,658	$ (35,104)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $9,507,746 and $150,490 will be recognized as a reduction of the net pension liability of the City and its component units, respectively, for the year ending September 30, 2021**.**

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Primary Government	MEDC	MCDC	MCVB
2021	$ (1,709,905)	$ (16,704)	$ (4,283)	$ (6,513)
2022	(1,535,016)	(14,996)	(3,844)	(5,847)
2023	1,085,007	10,600	2,717	4,133
2024	(3,738,763)	(36,524)	(9,364)	(14,240)
2025	353,141	3,450	884	1,345
Thereafter	185,960	2,655	682	1,035
Total	$ (5,359,576)	$ (51,519)	$ (13,208)	$ (20,087)

Note 6. Postemployment Benefits Other Than Pensions

Retiree Health Care Plan

Plan Description
The City provides postemployment medical and dental benefits (OPEB) for eligible retirees, their spouses and dependents through a single-employer defined benefit plan, which covers both active and retired members.

All medical care benefits are provided through the City's self-insured health plan. The two optional benefit levels, CityCare PPO and CityCare Plus PPO, are the same for retirees as those afforded to active employees.

Benefits Provided

To be eligible for coverage a retiree must qualify under all three of the following:

1. Has been covered as an employee for medical benefits under the City of McKinney Employee Healthcare Plan immediately prior to retirement; and
2. Applies for pension benefits from TMRS in accordance with their requirements and deadlines, but in no event later than the effective date of retirement; and
3. Enrolls for Retiree health coverage no later than the effective date of retirement.

Retirees who elect COBRA cannot later elect retiree coverage. Retirees are not allowed to add additional dependents upon retirement. Retirees or dependents who are Medicare eligible may not remain on the Plan; however, retirees may elect to purchase a Medicare supplement offered by the City.

As of December 31, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries receiving benefits	25
Terminated employees eligible for benefits, but not yet enrolled	-
Active employees	1,130
Total	1,155

Accounting Policy

An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Funding Policies

The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through ensuring the annual retiree contributions are equal to the benefits that are paid on behalf of the retirees. OPEB expense as actuarially determined for the City and its component units was $2,169,408 and $(767), respectively.

The monthly Retiree health coverage contribution rates for offered benefit levels are as follows:

CITYCARE PPO		CITYCARE PLUS PPO	
Single Coverage	$ 703	Single Coverage	$ 777
Single + Spouse	1,460	Single + Spouse	1,718
Single + Children	1,291	Single + Children	1,507
Single + Family	1,922	Single + Family	2,244

Actuarial Methods and Assumptions
Significant methods and assumptions used in the December 31, 2019, actuarial valuation are as follows:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.75% as of December 31, 2019
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumption	Based on the experience study covering the four-year period ending December 31, 2018, as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years.
Participation Rates	0% for employees retiring before the age of 50; 15% for employees retiring between the ages of 50 and 55; 50% for employees retiring at the age of 55 or older, or through disability retirement at any age
Other Information	The discount rate changed from 3.71% as of December 31, 2028 to 2.75% as of December 31, 2019. Additionally, the demographic assumptions were updated to reflect the 2019 TMRS Experience Study.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Total OPEB Liability

The total OPEB liability of $21,534,743 (City) and $340,849 (Component Units) was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2019.

The total OPEB liability and related information are as follows for the City and its component units at September 30, 2020:

Balance as of October 1, 2019	$ 18,457,524
Changes for the year:	
Service cost	1,207,678
Interest on total OPEB liability	704,301
Difference between expected and actual experience of the total OPEB liability	(162,427)
Change of assumptions	1,823,548
Benefit payments	(155,032)
Balance as of September 30, 2019	$ 21,875,592
City	$ 21,534,743
Component Units	$ 340,849

Although not considered contributions under GASB 75, the City has assigned $6,565,427 of fund balance in the General Fund for funding of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources Related to OPEBs

For the year ended September 30, 2020, the City and its component units recognized OPEB expense of $2,188,027. At September 30, 2020, the City and its component units reported deferred outflows of resources related to OPEBs from the following sources:

	Primary Government		MEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 241,467	$ (144,681)	$ 2,322	$ (1,391)
Changes in assumptions	2,314,751	-	22,255	-
Contributions subsequent to the measurement date	48,012	-	462	-
Total	$ 2,604,230	$ (144,681)	$ 25,039	$ (1,391)

	MCDC		MCVB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 595	$ (357)	$ 905	$ (542)
Changes in assumptions	5,706	-	8,677	-
Contributions subsequent to the measurement date	118	-	180	-
Total	$ 6,419	$ (357)	$ 9,762	$ (542)

Deferred outflows of resources related to OPEBs resulting from benefit payments subsequent to the measurement date of $48,002 and $760 will be recognized as a reduction of the total OPEB liability of the City and its component units, respectively, for the year ending September 30, 2021.

Other amounts reported as deferred outflows related to OPEBs will be recognized in OPEB expense as follows:

Year Ended September 30	Primary Government	MEDC	MCDC	MCVB
2021	$ 271,748	$ 2,613	$ 670	$ 1,019
2022	271,748	2,613	670	1,019
2023	271,748	2,613	670	1,019
2024	271,748	2,613	670	1,019
2025	271,748	2,613	670	1,019
Thereafter	1,052,797	10,121	2,594	3,945
Total	$ 2,411,537	$ 23,186	$ 5,944	$ 9,040

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City and its component units, calculated using the discount rate of 2.75%, as well as what the City and its component unit's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate:

	1% Decrease in Discount Rate (1.75%)	Current Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's total OPEB liability	$ 23,783,759	$ 21,534,743	$ 19,489,487
Component unit's total OPEB liability:			
MEDC	228,667	207,044	187,380
MCDC	58,624	53,081	48,039
MCVB	89,155	80,724	73,058

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City and its component units, as well as what the City and its component unit's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
City's total OPEB liability	$ 18,608,939	$ 21,534,743	$ 25,059,303
Component unit's total OPEB liability:			
MEDC	178,914	207,044	240,931
MCDC	45,869	53,081	61,768
MCVB	69,757	80,724	93,936

Supplemental Death Benefit Plan

Plan Description

The City contributes to a single-employer defined benefit OPEB plan, the group-term life insurance plan known as the SDBF. This is a voluntary program administered by the Texas Municipal Retirement System (TMRS) in which the City elected, by ordinance, to provide group term life insurance coverage to active and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

As of December 31, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries receiving benefits	236
Terminated employees eligible for benefits, but not yet enrolled	121
Active employees	1,155
Total	1,512

Accounting Policy

An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Actuarial Methods and Assumptions

Significant methods and assumptions used in the December 31, 2019, actuarial valuation are as follows:

Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount Rate	2.75% as of December 31, 2019 Source: Fidelity Index's "20-Year Municipal GO AA Index"
Retirees' share of benefit related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Note: The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Total OPEB Liability

The City's total OPEB liability of $2,203,763 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

The total OPEB liability and related information are as follows for the City at September 30, 2020:

Balance as of October 1, 2019	$	2,041,922
Changes for the year:		
Service cost		127,266
Interest on total OPEB liability		77,959
Difference between expected and actual experience of the total OPEB liability		(414,160)
Change of assumptions		406,260
Benefit payments		(8,484)
Balance as of September 30, 2019	$	2,230,763

OPEB Expense and Deferred and Outflows and Inflows of Resources Related to OPEB
For the year ended September 30, 2020, the City recognized OPEB expense of $228,099.

At September 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 231,035	$ (364,560)
Changes in assumptions	458,787	(112,093)
Contributions subsequent to the measurement date	84,258	-
Total	$ 774,080	$ (476,653)

Benefit payments subsequent to the measurement date and before fiscal year-end of $84,258 will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2021.

Other amounts reported as deferred outflows related to OPEBs will be recognized in OPEB expense as follows:

Year Ended September 30		
2021	$	37,024
2022		37,024
2023		37,024
2024		37,024
2025		37,024
Thereafter		28,049
Total	$	213,169

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate:

	1% Decrease in Discount Rate (1.75%)	Current Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB liability	$ 2,785,734	$ 2,230,763	$ 1,809,327

Note 7. Disclosures about Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
Level 3	Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Investment in State Investment Pools

During the year, the City invested in multiple public fund investment pools, including TexPool, LOGIC, TexasDAILY and Texas CLASS. Investments in the pools are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the City has not been issued certificates, but rather it owns an individual beneficial interest in the net position of the related investment pools. The fair value of the position of the pools for LOGIC, TexasDAILY and Texas CLASS are measured at net asset value and is designed to approximate the share value. The fair value of the position of in TexPool is measured at amortized cost as the pool meets requirements of GASB No. 79. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds and does not have any limitations or restrictions on withdrawals.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PRIMARY GOVERNMENT				
Investments by Fair Value Level				
Federal agency securities	$ 43,662,151	$ -	$ 43,662,151	$ -
Total Investments by Fair Value Level	$ 43,662,151	$ -	$ 43,662,151	$ -
Investments Measured at Net Asset Value				
LOGIC	166,340,935			
TexasDaily	98,855,187			
TexasCLASS	97,823,916			
Investments Measured at Amortized Cost				
TexPool/TexPool Prime	133,602,877			
Total Investments	$ 540,285,066			
MEDC				
Investments Measured at Net Asset Value				
LOGIC	$ 830,989			
TexasDaily	5,842,412			
TexasCLASS	2,849,000			
Investments Measured at Amortized Cost				
TexPool/TexPool Prime	3,406,893			
Total Investments	$ 12,929,294			
MCDC				
Investments Measured at Net Asset Value				
LOGIC	$ 14,684,389			
TexasDaily	16,780,658			
TexasCLASS	10,453,103			
Investments Measured at Amortized Cost				
TexPool/TexPool Prime	18,888,824			
Total Investments	$ 60,806,974			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included in the fair value measurement table approximate net asset value for all related external investment pool balances.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2020, no investments held by the City met the Level 3 hierarchy classification.

Note 8. Water Purchase, Wastewater and Solid Waste Disposal Contracts

The City has a contract with the North Texas Municipal Water District (NTMWD) to purchase substantially all of its water. Under the contract, the City pays NTMWD a rate based on water usage. The rates charged are subject to minimum annual contract payments. Contract payments for water for the year ended September 30, 2020, were $35,501,950.

The City has a contract with NTMWD whereby NTMWD agreed to provide a wastewater treatment and disposal system for the benefit of the City and any "additional member city," as defined. Each member city pays an "annual payment," as defined, as its share of operating expenses and debt service of NTMWD. The City's annual payment for the year ended September 30, 2020, was $21,674,050.

The City has a contract with NTMWD whereby NTMWD agreed to dispose of solid waste for the City and any "additional member city," as defined. Each member city pays an "annual payment," as defined, as its share of operating expenses and debt service of NTMWD. The City's annual payment for the year ended September 30, 2020, was $5,583,969.

Note 9. Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position.

Note 10. Contingent Liabilities

The City participates in a number of Federal and State funded grant programs. These programs are subject to program compliance audits and adjustments by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

NTMWD has issued revenue bonds for systems that service participating cities. Member cities including McKinney have guaranteed to pay their share of debt service, and certain related administrative costs. NTMWD allocates these costs annually based on each city's pro-rata usage of the respective systems.

Outstanding principal balances as of September 30, 2020, are as follows:

	NTMWD Debt Service*	McKinney's Allocated Share
Water System	$ 2,567,405,000	$ 313,998,061
Wastewater System	625,445,000	128,394,793
Solid Waste System	52,190,000	11,603,458
Total	$ 3,245,040,000	$ 453,996,312

*Only represents NTMWD debt service related to systems servicing McKinney. It may not reflect NTMWD's total debt service.

Note 11. Insurance and Risk Management

The City's Insurance and Risk Management Internal Service Fund accounts for health care claims, workers' compensation claims, property, and general liability claims.

The City provides health care benefits to City employees under a partially self-insured plan (Plan). Under the Plan, the City and the employees pay a predetermined monthly premium, which is based on the projected claims cost for the Plan and the extent of medical coverage selected by the employee. The monthly premiums are deposited into the Insurance and Risk Fund and are used to pay claims as they are submitted. The City's liability is limited by an excess (stop loss) insurance policy covering individual claims in excess of $150,000. The City utilizes Cigna as a third party administrator to adjudicate and pay medical claims on behalf of the City. Throughout the policy year, the "stop loss" insurance carrier reimburses the City for claims paid during the policy year which exceeded the "stop loss" deductible amount.

For the year ended September 30, 2020, the City and the City's employees' contributions paid under the Plan were $17,203,004 and $2,919,444 respectively.

The City participates in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for workers' compensation claims, liability (general, automobile, law enforcement and errors/omissions), and property insurance. The Insurance and Risk Management internal service fund allocates costs to each department in order to pay deductibles and workers' compensation premium costs (TMLIRP contributions). This cost is based on the pool's claims cost, which is adjusted to reflect the City's individual claims experience.

The City has a workers' compensation deductible of $25,000 per accident, with an annual aggregate retention of $500,000. During 2020, the City contributed $941,620 for workers' compensation coverage.

The City maintains deductibles of $100,000 per occurrence for Error and Omissions, $50,000 per occurrence for Auto Liability, $50,000 per occurrence for Law Enforcement Liability and up to $25,000 per occurrence for all other liability coverages. All insured claims are paid by TMLIRP, with the City reimbursing TMLIRP for the deductible. The City also carries a liability policy for the Airport through STARR Companies with a $10,000 deductible. During 2020, the City contributed $1,454,575 for property, general liability and all other coverage premiums.

The liabilities for insurance claims reported are based on GASB No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, amended by GASB No. 66, Technical Corrections, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported claims and are included in accounts payable.

The changes in the Insurance and Risk Management liability amount in fiscal 2020 and 2019 were:

	Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments and Changes in Estimates	Liability End of Year
2020:				
Health Claims	$ 683,228	$ 17,196,440	$ (17,118,164)	$ 761,504
Workers' Comp	477,914	566,472	(628,517)	415,869
Totals	$ 1,161,142	$ 17,762,912	$ (17,746,681)	$ 1,177,373
2019:				
Health Claims	$ 511,910	$ 18,025,474	$ (17,854,156)	$ 683,228
Workers' Comp	296,976	697,445	(516,507)	477,914
Totals	$ 808,886	$ 18,722,919	$ (18,370,663)	$ 1,161,142

There were no significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last three years.

Note 12. Tax Abatements and Grants

The City offers property and sales tax abatement/grant agreements with local businesses under Chapter 312 and Chapter 380 of the Texas Local Government Code. Under these Codes, the City may award tax abatements/grants of up to 100 percent of a business's property and sales taxes for the purpose of attracting or retaining businesses within their jurisdiction. The abatements/grants may be awarded to any business located within or promising to relocate to the City of McKinney.

For the fiscal year ended September 30, 2020, the City paid $911,762 in economic development grants under Chapter 380. This amount is reported in aggregate due to sales tax confidentiality requirements under Texas Tax Code. No tax abatements were made under Chapter 312.

Note 13. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2020, and through February 10, 2021, the date the financial statements were issued.

Required Supplementary Information

City of McKinney, Texas

Required Supplementary Information
Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last Six Fiscal Years
(Unaudited)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017
Total Pension Liability				
Service cost	$ 9,534,719	$ 11,440,134	$ 11,777,430	$ 13,043,869
Interest	13,426,027	14,599,379	15,547,224	17,075,327
Difference between expected and actual experience	(1,820,025)	1,730,171	1,237,911	1,529,198
Change in assumptions	-	(4,050)	-	-
Benefit payments, including refunds of employee contributions	(4,612,787)	(6,049,662)	(6,285,532)	(6,828,906)
Net Change in Total Pension Liability	16,527,934	21,715,972	22,277,033	24,819,488
Total Pension Liability - Beginning	189,339,391	205,867,325	227,583,297	249,860,330
Total Pension Liability - Ending (a)	205,867,325	227,583,297	249,860,330	274,679,818
Plan Fiduciary Net Position				
Contributions - employer	8,510,170	9,752,849	9,615,410	10,718,106
Contributions - employee	3,855,271	4,348,528	4,433,984	4,903,710
Net investment income (loss)	9,074,467	258,721	12,404,196	28,219,049
Benefit payments, including refunds of employee contributions	(4,612,787)	(6,049,662)	(6,285,532)	(6,828,906)
Administrative expense	(94,724)	(157,574)	(140,032)	(146,159)
Other	(7,788)	(7,782)	(7,545)	(7,407)
Net Change in Plan Fiduciary Net Position	16,724,609	8,145,080	20,020,481	36,858,393
Plan Fiduciary Net Position - Beginning	158,597,927	175,322,536	183,467,616	203,488,097
Plan Fiduciary Net Position - Ending (b)	175,322,536	183,467,616	203,488,097	240,346,490
City's Net Pension Liability - Ending (a) - (b)	$ 30,544,789	$ 44,115,681	$ 46,372,233	$ 34,333,328
Plan fiduciary net position as a percentage of total pension liability	85.16%	80.62%	81.44%	87.50%
Covered payroll	$ 54,810,138	$ 61,939,002	$ 63,285,492	$ 70,053,001
City's net pension liability as a percentage of covered payroll	55.73%	71.22%	73.27%	49.01%

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

Measurement Year 2018	Measurement Year 2019
$ 14,350,469	$ 15,704,599
18,774,911	20,486,802
(714,145)	1,546,692
-	1,126,181
(7,416,454)	(8,037,441)
24,994,781	30,826,833
274,679,818	299,674,599
299,674,599	330,501,432
11,908,337	12,785,966
5,426,974	5,939,071
(7,206,568)	37,605,557
(7,416,454)	(8,037,441)
(139,143)	(212,196)
(7,270)	(6,374)
2,565,876	48,074,583
240,346,490	242,912,366
242,912,366	290,986,949
$ 56,762,233	$ 39,514,483
81.06%	88.04%
$ 77,528,194	$ 84,843,863
73.21%	46.57%

City of McKinney, Texas

Required Supplementary Information
Texas Municipal Retirement System
Schedule of Contributions
Last Six Fiscal Years
(Unaudited)

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Actuarially determined contribution	$ 9,195,319	$ 9,521,438	$ 10,387,413	$ 11,618,161
Contribution in relation of the actuarially determined contribution	9,195,319	9,521,438	10,387,413	11,618,161
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 58,299,396	$ 62,005,210	$ 68,046,988	$ 75,718,876
Contributions as a percentage of covered payroll	15.77%	15.36%	15.27%	15.34%

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

The information in this schedule has been determined as of the City's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

Fiscal Year 2019	Fiscal Year 2020
$ 12,527,597	$ 13,332,675
12,527,597	13,332,675
$ -	$ -
$ 82,701,398	$ 89,202,852
15.15%	14.95%

City of McKinney, Texas

Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Retiree Health Care Plan
Last Three Fiscal Years
(Unaudited)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total OPEB Liability			
Service cost	$ 918,051	$ 1,249,905	$ 1,207,676
Interest	564,874	561,769	704,301
Difference between expected and actual experience	3,299	300,000	(162,427)
Change in assumptions	797,890	156,041	1,823,548
Benefit payments, including refunds of employee contributions	(294,321)	(314,218)	(155,032)
Net Change in Total OPEB Liability	1,989,793	1,953,497	3,418,066
Total OPEB Liability - Beginning	14,514,234	16,504,027	18,457,524
Total OPEB Liability - Ending (a)	$ 16,504,027	$ 18,457,524	$ 21,875,590
Covered payroll	$ 70,052,975	$ 77,528,194	$ 84,843,863
Total OPEB liability as a percentage of covered payroll	23.56%	23.81%	25.78%

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

City of McKinney, Texas

Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Supplemental Death Benefit Fund
Last Three Fiscal Years
(Unaudited)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total OPEB Liability			
Service cost	$ 112,085	$ 139,551	$ 127,266
Interest	54,057	58,290	77,959
Difference between expected and actual experience	-	304,379	(414,160)
Change in assumptions	158,454	(147,679)	406,260
Benefit payments, including refunds of employee contributions	(7,005)	(7,751)	(8,484)
Net Change in Total OPEB Liability	317,591	346,790	188,841
Total OPEB Liability - Beginning	1,377,543	1,695,134	2,041,924
Total OPEB Liability - Ending (a)	$ 1,695,134	$ 2,041,924	$ 2,230,765
Covered payroll	$ 70,053,001	$ 77,528,194	$ 84,843,863
Total OPEB liability as a percentage of covered payroll	2.42%	2.63%	2.63%

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

McKINNEY®
TEXAS
Unique by nature.

Combining and Individual Fund Financial Statements and Schedules

City of McKinney, Texas

Budgetary Comparison Schedule (GAAP Basis)
Debt Service Fund
For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	Positive (Negative)
REVENUES				
Property taxes	$ 37,709,071	$ 37,709,071	$ 38,120,024	$ 410,953
Investment income	573,000	231,000	314,516	83,516
Total revenues	38,282,071	37,940,071	38,434,540	494,469
EXPENDITURES				
Principal retirement	26,065,000	25,920,000	25,920,000	-
Interest and fiscal charges	11,464,260	11,278,861	11,397,384	(118,523)
Total expenditures	37,529,260	37,198,861	37,317,384	(118,523)
Excess/(deficiency) of revenues over expenditures	752,811	741,210	1,117,156	375,946
OTHER FINANCING SOURCES (USES)				
Other financing source-issuance of refunding debt	-	-	19,225,000	19,225,000
Deposit to bond refunding escrow account	-	-	(22,303,303)	(22,303,303)
Premium on issuance of debt	-	-	3,257,565	3,257,565
Total other financing sources (uses)	-	-	179,262	179,262
Net changes in fund balances	752,811	741,210	1,296,418	555,208
Fund balances, beginning of year	5,964,590	5,964,590	5,964,590	-
FUND BALANCES, END OF YEAR	$ 6,717,401	$ 6,705,800	$ 7,261,008	$ 555,208

City of McKinney, Texas
Budgetary Comparison Schedule (GAAP Basis)
Capital Projects Fund
For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	Positive (Negative)
REVENUES				
Intergovernmental	$ 15,489,851	$ 20,480,513	$ 5,914,197	$ (14,566,316)
Charges for services	1,137,002	1,137,002	1,137,002	-
Investment income	4,787,000	1,964,300	2,314,896	350,596
Contributions	14,425,000	43,725,864	23,058,007	(20,667,857)
Total revenues	35,838,853	67,307,679	32,424,102	(34,883,577)
EXPENDITURES				
General government	14,777,588	49,270,140	17,570,829	31,699,311
Fire	16,050,000	21,857,475	1,959,045	19,898,430
Libraries	-	6,714,217	6,324,137	390,080
Parks and recreation	41,973,000	61,562,252	13,649,349	47,912,903
Public works	56,796,817	142,165,458	32,348,210	109,817,248
Interest and fiscal charges	953,663	593,513	502,696	90,817
Total expenditures	130,551,068	282,163,055	72,354,266	209,717,972
Excess/(deficiency) of revenues over expenditures	(94,712,215)	(214,855,376)	(39,930,164)	174,834,395
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	77,850,000	48,450,000	48,375,000	(75,000)
Premium on issuance of debt	-	-	8,577,696	8,577,696
Transfers in	4,650,000	7,950,000	8,198,577	248,577
Transfers out	-	-	(8,000,000)	(8,000,000)
Total other financing sources (uses)	82,500,000	56,400,000	57,151,273	751,273
Net changes in fund balances	(12,212,215)	(158,455,376)	17,221,109	175,676,485
Fund balances, beginning of year	196,604,963	196,604,963	196,604,963	-
FUND BALANCES, END OF YEAR	$ 184,392,748	$ 38,149,587	$ 213,826,072	$ 175,676,485

City of McKinney, Texas
Budgetary Comparison Schedule (GAAP Basis)
Grants Fund
For the Year Ended September 30, 2020

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 930,304	$ 19,470,218	$ 8,899,207	$ (10,571,011)
Investment income	20,441	20,441	19,834	(607)
Miscellaneous	-	50,000	36,589	(13,411)
Total revenues	950,745	19,540,659	8,955,630	(10,585,029)
EXPENDITURES				
Current Expenditures:				
General government	1,156,245	19,670,659	8,132,983	11,537,676
Police	-	-	185,950	(185,950)
Fire	-	-	778,487	(778,487)
Development	-	-	6,539	(6,539)
Total expenditures	1,156,245	19,670,659	9,103,959	10,566,700
Excess (deficiency) of revenues over (under) expenditures	(205,500)	(130,000)	(148,329)	(18,329)
OTHER FINANCING SOURCES (USES)				
Transfers in	205,500	130,000	205,500	75,500
Transfers out	-	-	-	-
Total other financing sources (uses)	205,500	130,000	205,500	75,500
Net change in fund balance	-	-	57,171	57,171
Fund balance, beginning of year	27,623	27,623	27,623	-
FUND BALANCE, END OF YEAR	$ 27,623	$ 27,623	$ 84,794	$ 57,171

Non-Major Governmental Funds

Special Revenue Funds

Hotel/Motel Fund - to account for a 7% hotel/motel tax imposed on lodging fees for the purpose of funding activities and programs that are allowed by the hotel/motel tax to promote tourism.

Law Enforcement Fund - to account for donations and funds derived from police investigation of criminal activities.

Donations Fund - to account for funds provided by private donors and other governmental agencies for the specific purpose(s) designated by the donor.

Community Housing Fund - to account for grants and funding received for affordable housing programs.

Urban Transit District Fund - to account for joint use transit operations of four member cities including joint cost arrangement and administration and use of grant funding.

Tax Increment Reinvestment Zone 1 (TIRZ 1) - to account for property and sales taxes collected in the TIRZ 1 zone for the purpose of funding infrastructure and projects in the Historic Town Center.

Tax Increment Reinvestment Zone 2 (TIRZ 2) - to account for property and sales taxes collected in the TIRZ 2 zone for the purpose of funding infrastructure in and around the Airport.

PEG Cable Channel Fund - to account for fees received from cable operators within the City for the purpose of funding expenditures relating to the PEG (Public, Educational, and Governmental) Cable Channel.

City of McKinney, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

	Special Revenue Funds			
	Hotel/Motel	Law Enforcement	Donations	Community Housing
ASSETS				
Cash and cash equivalents	$ 4,864,284	$ 713,851	$ 98,452	$ 34,981
Receivables:				
Accounts	275	-	-	-
Other taxes	131,287	-	-	-
Due from other governments	-	-	-	176,303
Prepaid items	-	-	-	6,779
TOTAL ASSETS	$ 4,995,846	$ 713,851	$ 98,452	$ 218,063
LIABILITIES				
Accounts payable	$ -	$ 25,365	$ 3,693	$ 36,097
Other accrued liabilities	-	72,743	-	45,819
Due to other funds	-	-	-	99,407
Total liabilities	-	98,108	3,693	181,323
FUND BALANCES				
Nonspendable				
Prepaid items	-	-	-	6,779
Restricted				
Capital projects	-	-	-	-
Law enforcement	-	615,743	-	-
Fire	-	-	41,946	-
PEG	-	-	-	-
Library	-	-	52,704	-
Community housing	-	-	-	29,961
Parks	-	-	109	-
Hotel/Motel	4,995,846	-	-	-
Transit	-	-	-	-
Total fund balances	4,995,846	615,743	94,759	36,740
TOTAL LIABILITIES AND FUND BALANCES	$ 4,995,846	$ 713,851	$ 98,452	$ 218,063

Special Revenue Funds					
Urban Transit District	Housing Finance	TIRZ 1	TIRZ 2	PEG Cable Channel	Total Nonmajor Governmental Funds
$ 219,328	$ -	$ 6,801,540	$ 3,431,382	$ 2,011,458	$ 18,175,276
-	-	25,812	1,482	76,392	103,961
-	-	-	-	-	131,287
95,001	-	-	-	-	271,304
-	-	-	-	-	6,779
$ 314,329	$ -	$ 6,827,352	$ 3,432,864	$ 2,087,850	$ 18,688,607
$ 688	$ -	$ 25,000	$ -	$ 9,127	$ 99,970
3,945	-	-	-	-	122,507
-	-	-	-	-	99,407
4,633	-	25,000	-	9,127	321,884
-	-	-	-	-	6,779
-	-	6,802,352	3,432,864	-	10,235,216
-	-	-	-	-	615,743
-	-	-	-	-	41,946
-	-	-	-	2,078,723	2,078,723
-	-	-	-	-	52,704
-	-	-	-	-	29,961
-	-	-	-	-	109
-	-	-	-	-	4,995,846
309,696	-	-	-	-	309,696
309,696	-	6,802,352	3,432,864	2,078,723	18,366,723
$ 314,329	$ -	$ 6,827,352	$ 3,432,864	$ 2,087,850	$ 18,688,607

City of McKinney, Texas
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance- Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	Special Revenue			
	Hotel/Motel	Law Enforcement	Donations	Community Housing
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Sales and use taxes	1,412,982	-	-	-
Other taxes and fees	-	-	-	-
Intergovernmental	-	-	-	672,164
Fines and forfeitures	-	188,171	-	-
Investment income	52,327	589	237	572
Contributions	-	30,172	50	-
Miscellaneous	3,000	-	-	-
Total revenues	1,468,309	218,932	287	672,736
EXPENDITURES				
Current:				
General government	879,300	-	-	-
Police	-	96,019	-	-
Libraries	-	-	22,311	-
Development	-	-	-	740,357
Capital Expenditures:				
General government	-	-	-	-
Police	-	10,637	-	-
Total expenditures	879,300	106,656	22,311	740,357
Excess (deficiency) of revenues over expenditures	589,009	112,276	(22,024)	(67,621)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(203,950)	-	-	-
Total other financing sources (uses):	(203,950)	-	-	-
Net change in fund balances	385,059	112,276	(22,024)	(67,621)
Fund balances, beginning of year	4,610,787	503,467	116,783	104,361
Change in reporting entity	-	-	-	-
FUND BALANCES, END OF YEAR	$ 4,995,846	$ 615,743	$ 94,759	$ 36,740

	Special Revenue					
Urban Transit District	Housing Finance	TIRZ 1	TIRZ 2	PEG Cable Channel	Total Nonmajor Governmental Funds
$ -	$ -	$ 1,646,342	$ 367,698	$ -	$ 2,014,040
-	-	1,239,657	756,560	-	3,409,199
-	-	-	-	324,892	324,892
324,869	-	-	-	-	997,033
-	-	-	-	-	188,171
860	-	85,503	20,265	19,160	179,513
-	-	-	-	-	30,222
-	-	-	-	-	3,000
325,729	-	2,971,502	1,144,523	344,052	7,146,070
299,154	-	82,185	-	53,657	1,314,296
-	-	-	-	-	96,019
-	-	-	-	-	22,311
-	-	-	-	-	740,357
-	-	-	-	76,390	76,390
-	-	-	-	-	10,637
299,154	-	82,185	-	130,047	2,260,010
26,575	-	2,889,317	1,144,523	214,005	4,886,060
100,000	-	-	-	-	100,000
-	-	(4,318,968)	(22,000)	-	(4,544,918)
100,000	-	(4,318,968)	(22,000)	-	(4,444,918)
126,575	-	(1,429,651)	1,122,523	214,005	441,142
183,121	104,079	8,232,003	2,310,341	1,864,718	18,029,660
-	(104,079)	-	-	-	(104,079)
$ 309,696	$ -	$ 6,802,352	$ 3,432,864	$ 2,078,723	$ 18,366,723

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Hotel/Motel Fund
For the Year Ended September 30, 2020

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales and use taxes	$ 1,700,000	$ 1,100,000	$ 1,412,982	$ 312,982
Investment income	84,000	44,000.00	52,327	8,327
Miscellaneous	1,500	2,000	3,000	1,000
Total revenues	1,785,500	1,146,000	1,468,309	322,309
EXPENDITURES				
General government	954,000	954,000	879,300	74,700
Total expenditures	954,000	954,000	879,300	74,700
Excess (deficiency) of revenues over expenditures	831,500	192,000	589,009	397,009
OTHER FINANCING SOURCES (USES)				
Transfers out	(203,950)	(203,950)	(203,950)	-
Total other financing sources (uses)	(203,950)	(203,950)	(203,950)	-
Net change in fund balance	627,550	(11,950)	385,059	397,009
Fund balance, beginning of year	4,610,787	4,610,787	4,610,787	-
FUND BALANCE, END OF YEAR	$ 5,238,337	$ 4,598,837	$ 4,995,846	$ 397,009

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Law Enforcement Fund
For the Year Ended September 30, 2020

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Fines and forfeitures	$ 149,950	$ 149,950	$ 188,171	$ 38,221
Investment income	1,000	700	589	(111)
Contributions	49,800	49,800	30,172	(19,628)
Total revenues	200,750	200,450	218,932	18,482
EXPENDITURES				
Current Expenditures:				
Police	223,000	223,000	106,656	116,344
Total expenditures	223,000	223,000	106,656	116,344
Excess (deficiency) of revenues over expenditures	(22,250)	(22,550)	112,276	134,826
Net change in fund balance	(22,250)	(22,550)	112,276	134,826
Fund balance, beginning of year	503,467	503,467	503,467	-
FUND BALANCE, END OF YEAR	$ 481,217	$ 480,917	$ 615,743	$ 134,826

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Donations Fund
For the Year Ended September 30, 2020

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	$ 1,000	$ 300	$ 237	$ (63)
Contributions	7,500	7,500	50	(7,450)
Total revenues	8,500	7,800	287	(7,513)
EXPENDITURES				
Fire	7,650	7,650	-	7,650
Libraries	34,924	34,924	22,311	12,613
Total expenditures	42,574	42,574	22,311	20,263
Excess (deficiency) of revenues over expenditures	(34,074)	(34,774)	(22,024)	12,750
Net change in fund balance	(34,074)	(34,774)	(22,024)	12,750
Fund balance, beginning of year	116,783	116,783	116,783	-
FUND BALANCE, END OF YEAR	$ 82,709	$ 82,009	$ 94,759	$ 12,750

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Community Housing Fund
For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amount	
REVENUES				
Intergovernmental	$ 1,742,841	$ 1,749,157	$ 672,164	$ (1,076,993)
Investment income	2,000	800	572	(228)
Miscellaneous	15,000	15,000	-	(15,000)
Total revenues	1,759,841	1,764,957	672,736	(1,092,221)
EXPENDITURES				
Current Expenditures:				
Development	1,779,341	1,785,657	740,357	1,045,300
Total expenditures	1,779,341	1,785,657	740,357	1,045,300
Excess (deficiency) of revenues over expenditures	(19,500)	(20,700)	(67,621)	(46,921)
Net change in fund balance	(19,500)	(20,700)	(67,621)	(46,921)
Fund balance, beginning of year	104,361	104,361	104,361	-
FUND BALANCE, END OF YEAR	$ 84,861	$ 83,661	$ 36,740	$ (46,921)

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Urban Transit District Fund
For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amount	
REVENUES				
Intergovernmental	$ 976,668	$ 1,076,668	$ 324,869	$ (751,799)
Investment income	2,000	1,000	860	(140)
Total revenues	978,668	1,077,668	325,729	(751,939)
EXPENDITURES				
Current Expenditures:				
General government	1,077,397	1,166,589	299,154	867,435
Total expenditures	1,077,397	1,166,589	299,154	867,435
Excess (deficiency) of revenues over expenditures	(98,729)	(88,921)	26,575	115,496
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	100,000	-
Net change in fund balance	1,271	11,079	126,575	115,496
Fund balance, beginning of year	183,121	183,121	183,121	-
FUND BALANCE, END OF YEAR	$ 184,392	$ 194,200	$ 309,696	$ 115,496

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
TIRZ 1 Fund
For the Year Ended September 30, 2020

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 1,677,800	$ 1,677,800	$ 1,646,342	$ (31,458)
Sales and use taxes	1,656,551	1,517,598	1,239,657	(277,941)
Investment income	204,000	78,500	85,503	7,003
Total revenues	3,538,351	3,273,898	2,971,502	(302,396)
EXPENDITURES				
General government	100,000	125,000	82,185	42,815
Total expenditures	100,000	125,000	82,185	42,815
Excess (deficiency) of revenues over expenditures	3,438,351	3,148,898	2,889,317	(259,581)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,139,000)	(4,320,391)	(4,318,968)	1,423
Total other financing sources (uses)	(1,139,000)	(4,320,391)	(4,318,968)	1,423
Net change in fund balance	2,299,351	(1,171,493)	(1,429,651)	(258,158)
Fund balance, beginning of year	8,232,003	8,232,003	8,232,003	-
FUND BALANCE, END OF YEAR	$ 10,531,354	$ 7,060,510	$ 6,802,352	$ (258,158)

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
TIRZ 2 Fund
For the Year Ended September 30, 2020

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 368,134	$ 368,134	$ 367,698	$ (436)
Sales and use taxes	741,825	787,988	756,560	(31,428)
Investment income	25,000	17,500	20,265	2,765
Total revenues	1,134,959	1,173,622	1,144,523	(29,099)
Excess (deficiency) of revenues over expenditures	1,134,959	1,173,622	1,144,523	(29,099)
OTHER FINANCING SOURCES (USES)				
Transfers out	(22,000)	(22,000)	(22,000)	-
Total other financing sources (uses)	(22,000)	(22,000)	(22,000)	-
Net change in fund balance	1,112,959	1,151,622	1,122,523	(29,099)
Fund balance, beginning of year	2,310,341	2,310,341	2,310,341	-
FUND BALANCE, END OF YEAR	$ 3,423,300	$ 3,461,963	$ 3,432,864	$ (29,099)

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
PEG Cable Channel Fund
For the Year Ended September 30, 2020

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Other taxes and fees	$ 350,000	$ 344,200	$ 324,892	$ (19,308)
Investment income	33,000	15,800	19,160	3,360
Total revenues	383,000	360,000	344,052	(15,948)
EXPENDITURES				
Current expenditures:				
General government	237,500	237,500	130,047	107,453
Total expenditures	237,500	237,500	130,047	107,453
Excess (deficiency) of revenues over expenditures	145,500	122,500	214,005	91,505
Net change in fund balance	145,500	122,500	214,005	91,505
Fund balance, beginning of year	1,864,718	1,864,718	1,864,718	-
FUND BALANCE, END OF YEAR	$ 2,010,218	$ 1,987,218	$ 2,078,723	$ 91,505

McKINNEY
TEXAS
Unique by nature.

Non-Major Enterprise Funds

Golf Course Fund - to account for revenue received and operating expenses incurred in the operation of Oak Hollow Municipal Golf Course.

Surface Water Drainage Utility Fund - to account for revenue paid by utility customers and allowable expenses under the Surface Drainage Utility System Ordinance.

Solid Waste Fund - to account for revenues and operating costs of providing solid waste and recycling services.

City of McKinney, Texas
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2020

	Business-type Activities - Enterprise Funds			
	Golf Course	Surface Water Drainage	Solid Waste	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ 293,465	$ 5,269,379	$ 8,556,551	$ 14,119,395
Investments	-	-	3,070,410	3,070,410
Restricted assets:				
Cash and cash equivalents	10,000	-	-	10,000
Accounts receivable (net of allowance for uncollectibles)	14,242	424,981	1,576,072	2,015,295
Accrued interest	-	-	2,750	2,750
Notes receivable- interfund	-	-	4,895,903	4,895,903
Prepaids	-	-	578,692	578,692
Total current assets	317,707	5,694,360	18,680,378	24,692,445
Non-current assets:				
Capital assets:				
Land	402,213	-	164,296	566,509
Buildings	1,488,882	-	164,402	1,653,284
Improvements other than buildings	2,548,170	-	364,127	2,912,297
Machinery and equipment	396,138	1,804,143	815,065	3,015,346
Less accumulated depreciation	(3,337,614)	(493,586)	(926,154)	(4,757,354)
Total capital assets (net of accumulated depreciation)	1,497,789	1,310,557	581,736	3,390,082
TOTAL ASSETS	1,815,496	7,004,917	19,262,114	28,082,527
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	-	191,044	132,990	324,034
Deferred OPEB outflows	-	36,817	25,628	62,445
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	227,861	158,618	386,479
LIABILITIES				
Current liabilities:				
Accounts payable	-	32,553	159,532	192,085
Other accrued liabilities	-	70,331	922,032	992,363
Due to other funds	-	-	53,917	53,917
Notes payable	53,207	-	-	53,207
Compensated absences	-	11,864	8,409	20,273
Total current liabilities	53,207	114,748	1,143,890	1,311,845
Payable from restricted assets:				
Deposits	10,000	-	-	10,000
Total current liabilities payable from restricted assets	10,000	-	-	10,000
Non-current liabilities:				
Compensated absences	-	185,872	131,735	317,607
Notes payable	523,546	-	-	523,546
Net pension liability	-	549,910	382,801	932,711
Total OPEB liability	-	304,436	211,922	516,358
Total non-current liabilities	523,546	1,040,218	726,458	2,290,222
TOTAL LIABILITIES	586,753	1,154,966	1,870,348	3,612,067
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	-	132,386	92,155	224,541
Deferred OPEB inflows	-	2,045	1,424	3,469
TOTAL DEFERRED INFLOWS OF RESOURCES	-	134,431	93,579	228,010
NET POSITION				
Net investment in capital assets	1,497,789	1,310,557	581,736	3,390,082
Unrestricted	(269,046)	4,632,824	16,875,069	21,238,847
TOTAL NET POSITION	$ 1,228,743	$ 5,943,381	$ 17,456,805	$ 24,628,929

City of McKinney, Texas

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Funds			
	Golf Course	Surface Water Drainage	Solid Waste	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 82,215	$ 4,076,939	$ 8,891,283	$ 13,050,437
Miscellaneous	81,634	-	50,016	131,650
Total operating revenues	163,849	4,076,939	8,941,299	13,182,087
OPERATING EXPENSES				
Personnel services	-	1,914,369	1,342,295	3,256,664
Materials and supplies	-	79,230	44,850	124,080
Maintenance	-	190,746	44,827	235,573
Contract payments	-	1,078,594	6,563,117	7,641,711
Utilities	987	2,261	-	3,248
Depreciation	58,276	153,342	58,413	270,031
Other	17,944	39,187	42,153	99,284
Total operating expenses	77,207	3,457,729	8,095,655	11,630,591
Operating income	86,642	619,210	845,644	1,551,496
NON-OPERATING REVENUES (EXPENSES)				
Investment income	1,091	61,010	302,622	364,723
Gain from disposal of assets	-	16,280	5,134	21,414
Total non-operating revenues	1,091	77,290	307,756	386,137
Income before contributions and transfers	87,733	696,500	1,153,400	1,937,633
Contributions	-	267,416	-	267,416
Transfers in	-	-	83,873	83,873
Transfers out	(5,000)	(824,044)	(2,100,455)	(2,929,499)
Change in net position	82,733	139,872	(863,182)	(640,577)
Total net position - beginning	1,146,010	5,803,509	18,319,987	25,269,506
TOTAL NET POSITION - ENDING	$ 1,228,743	$ 5,943,381	$ 17,456,805	$ 24,628,929

City of McKinney, Texas
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Funds			
	Golf Course	Surface Water Drainage	Solid Waste	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 76,700	$ 4,079,009	$ 8,875,942	$ 13,031,651
Other operating revenues	81,634	-	50,016	131,650
Cash payments for employee services	-	(1,759,424)	(1,306,226)	(3,065,650)
Cash payments to suppliers for goods and services	(18,931)	(1,643,010)	(6,906,193)	(8,568,134)
Net cash provided by operating activities	139,403	676,575	713,539	1,529,517
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Cash received from other funds	-	-	407,642	407,642
Transfers in	-	-	83,873	83,873
Transfers out	(5,000)	(824,044)	(2,100,455)	(2,929,499)
Net cash used in non-capital financing activities	(5,000)	(824,044)	(1,608,940)	(2,437,984)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	(425,755)	(104,678)	(530,433)
Proceeds from sale of assets	-	16,280	5,134	21,414
Principal payments on interfund loans	(52,292)	-	-	(52,292)
Net cash provided by (used in) capital and related financing activities	(52,292)	(409,475)	(99,544)	(561,311)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	-	-	(1,071,390)	(1,071,390)
Investment earnings	1,091	61,010	302,622	364,723
Net cash provided (used in) by investing activities	1,091	61,010	(768,768)	(706,667)
Net increase (decrease) in cash	83,202	(495,934)	(1,763,713)	(2,176,445)
Cash and cash equivalents at beginning of year	220,263	5,765,313	10,320,264	16,305,840
Cash and cash equivalents at end of year	$ 303,465	$ 5,269,379	$ 8,556,551	$ 14,129,395
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET ASSETS				
Unrestricted cash and cash equivalents	$ 293,465	$ 5,269,379	$ 8,556,551	$ 14,119,395
Restricted cash and cash equivalents	10,000	-	-	10,000
	$ 303,465	$ 5,269,379	$ 8,556,551	$ 14,129,395
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ 86,642	$ 619,210	$ 845,644	$ 1,551,496
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	58,276	153,342	58,413	270,031
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(5,515)	2,070	(22,640)	(26,085)
Accrued interest receivable	-	-	7,299	7,299
Prepaid expenses	-	-	(317,792)	(317,792)
Increase (decrease) in liabilities:				
Accounts payable	-	(265,466)	70,183	(195,283)
Accrued liabilities	-	12,474	34,367	46,841
Due to other funds	-	-	1,996	1,996
Liability for compensated absences	-	53,963	23,153	77,116
Net pension liability and OPEB obligation	-	100,982	12,916	113,898
Total adjustments	52,761	57,365	(132,105)	(21,979)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 139,403	$ 676,575	$ 713,539	$ 1,529,517
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Non cash contributions	$0	$267,416	$0	$267,416

Fiduciary Funds

McKINNEY®
TEXAS
Unique by nature.

City of McKinney, Texas
Statement of Changes in Agency Assets and Liabilities
Fiduciary Fund
Year Ended September 30, 2020

	Balance September 30, 2019	Additions	Deductions	Balance September 30, 2020
ASSETS:				
Cash and cash equivalents	$ 1,227,756	$ 8,201	$ (904,353)	$ 331,604
TOTAL ASSETS	$ 1,227,756	$ 8,201	$ (904,353)	$ 331,604
LIABILITIES:				
Developer escrows	$ 1,227,756	$ 8,201	$ (904,353)	$ 331,604
TOTAL LIABILITIES	$ 1,227,756	$ 8,201	$ (904,353)	$ 331,604

McKINNEY
TEXAS
Unique by nature.

Discretely Presented Component Units

McKinney Economic Development Corporation – purpose is to aid, promote and further the economic development within the City.

McKinney Community Development Corporation – purpose is to identify and fund public projects to maintain or enhance the quality of life in the city.

McKinney Convention & Visitors Bureau – to account for funds received from the City's local hotel/motel tax fund for the purpose of promoting tourism and making the City of McKinney a destination of choice.

McKinney Main Street – purpose is to maintain and enhance a vibrant downtown area through economic redevelopment, design, organization and promotion.

City of McKinney, Texas
Combining Balance Sheet
McKinney Economic Development Corporation
Discretely Presented Component Units
September 30, 2020

	McKinney Economic Development Corporation
ASSETS	
Cash and cash equivalents	$ 11,427,105
Restricted cash and cash equivalents	1,819,605
Accounts receivable	2,808,763
Prepaid items	23,528
Total assets	$ 16,079,001
LIABILITIES	
Accounts payable	$ 170,486
Other accrued liabilities	53,074
Total liabilities	223,560
FUND BALANCES	
Non-Spendable	
Prepaid items	23,528
Restricted	
Debt service	1,605,485
Unassigned	14,226,428
Total fund balance	15,855,441
TOTAL LIABILITIES AND FUND BALANCE	$ 16,079,001

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Economic Development Corporation
Discretely Presented Component Units
September 30, 2020

Total fund balance - MEDC balance sheet	$	15,855,441
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		66,926,229
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(98,016)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and inflows of resources consist of:		
Deferred pension outflows (GASB 68)		129,928
Deferred OPEB outflows (GASB 75)		25,039
Deferred charge on refunding		44,709
Deferred pension inflows (GASB 68)		(90,035)
Deferred OPEB inflows (GASB 75)		(1,391)
Net pension and total OPEB liabilities are not reported in the funds.		(581,034)
Bonds payable and notes payable are not reported in the funds.		(23,730,000)
Accrued interest is not reported in the funds.		(67,081)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	58,413,789

City of McKinney, Texas
Combining Statements of Revenues, Expenditures and Changes in Fund Balance
McKinney Economic Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2020

	McKinney Economic Development Corporation
REVENUES	
Sales and use taxes	$ 16,099,254
Investment income	148,447
Contributions	280
Total revenues	16,247,981
EXPENDITURES	
Economic development	13,618,805
Interest and fiscal charges	938,238
Principal payments	3,015,000
Total expenditures	17,572,043
Excess (deficiency) of revenues over expenditures	(1,324,062)
Fund balance, beginning of year	17,179,503
FUND BALANCE, END OF YEAR	$ 15,855,441

City of McKinney, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Economic Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2020

Net change in fund balance - MEDC governmental funds	$	(1,324,062)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds do not report depreciation since it does not require the use of current financial resources.		(10,011)
Bond principal and note payable payments are not reported in the Statement of Activities.		3,015,000
The amortization of losses on refunding of debt are not recorded in the governmental funds, but are amortized on the statement of activities as interest expense. This resulted in the following difference:		
Amortization of refunding loss		(17,164)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.		8,310
Pension and OPEB expense are reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the government-wide financial statements.		100,241
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental fund.		(17,737)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	1,754,577

City of McKinney, Texas
Balance Sheet
McKinney Community Development Corporation
Discretely Presented Component Units
September 30, 2020

	McKinney Community Development Corporation
ASSETS	
Cash and cash equivalents	$ 60,839,772
Accounts receivable	2,808,763
Prepaid items	2,977
Total assets	63,651,512
LIABILITIES	
Accounts payable	52,114
Other accrued liabilities	12,846
Total liabilities	64,960
FUND BALANCES	
NonSpendable	
Prepaid items	2,977
Unrestricted	63,583,575
Total fund balance	63,586,552
TOTAL LIABILITIES AND FUND BALANCE	$ 63,651,512

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Community Development Corporation
Discretely Presented Component Units
September 30, 2020

Total fund balance - MCDC balance sheet	$	63,586,552
Amounts reported for governmental activities in the statement of net position are different because:		
Bonds payable are not reported in the funds.		(19,380,000)
Accrued interest is not reported in the funds.		(86,106)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(46,908)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and deferred inflows of resources consist of:		
Deferred pension outflows (GASB 68)		33,312
Deferred OPEB outflows (GASB 75)		6,419
Deferred pension inflows (GASB 68)		(23,083)
Deferred OPEB inflows (GASB 75)		(357)
Net pension and total OPEB liabilities are not reported in the funds.		(148,962)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		754,149
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	44,695,016

City of McKinney, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
McKinney Community Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2020

	McKinney Community Development Corporation
REVENUES	
Sales and use taxes	$ 16,099,254
Investment income	665,420
Total revenues	16,764,674
EXPENDITURES	
Community development	11,433,146
Debt service:	
Principal retirement	1,010,000
Interest and fiscal charges	711,630
Total expenditures	13,154,776
Excess of revenues over expenditures	3,609,898
Fund balance, beginning of year	59,976,654
FUND BALANCE, END OF YEAR	$ 63,586,552

City of McKinney, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Community Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2020

Net change in fund balance - MCDC governmental funds	$	3,609,898
Amounts reported for governmental activities in the statement of activities are different because:		
Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.		1,010,000
Interest is accrued on outstanding debt in the government-wide statements, whereas in the fund financial statements, an interest expenditure is reported when due.		2,798
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		(6,503)
Governmental funds do not report depreciation since it does not require the use of current financial resources.		(10,339)
Pension and OPEB expense are reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the government-wide financial statements.		(33,177)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	4,572,677

City of McKinney, Texas
Balance Sheet
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
September 30, 2020

	McKinney Convention & Visitors Bureau
ASSETS	
Cash and cash equivalents	$ 146,396
Prepaid items	3,800
Total assets	150,196
LIABILITIES	
Accounts payable	11,148
Other accrued liabilities	21,407
Total liabilities	32,555
FUND BALANCES	
NonSpendable	
Prepaid items	3,800
Unrestricted	113,841
Total fund balance	117,641
TOTAL LIABILITIES AND FUND BALANCE	$ 150,196

City of McKinney, Texas

Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
For the Year Ended September 30, 2020

Total fund balance - MCVB balance sheet	$	117,641
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and deferred inflows of resources consist of:		
Deferred pension outflows (GASB 68)		50,658
Deferred OPEB outflows (GASB 75)		9,762
Deferred pension inflows (GASB 68)		(35,104)
Deferred OPEB inflows (GASB 75)		(542)
Net pension and total OPEB liabilities are not reported in the funds.		(226,539)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(68,857)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(152,981)

City of McKinney, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
For the Year Ended September 30, 2020

	McKinney Convention & Visitors Bureau
REVENUES	
Contributions	$ 828,000
Investment income	527
Miscellaneous	3,552
Total revenues	832,079
EXPENDITURES	
Community development	758,717
Total expenditures	758,717
Excess of revenues over expenditures	73,362
Fund balance, beginning of year	44,279
FUND BALANCE, END OF YEAR	$ 117,641

City of McKinney, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
For the Year Ended September 30, 2020

Net change in fund balance - MCVB governmental funds	$	73,362
Amounts reported for governmental activities in the statement of activities are different because:		
Pension and OPEB expense is reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the government-wide financial statements.		(20,174)
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		(4,313)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	48,875

City of McKinney, Texas
Balance Sheet
McKinney Main Street
Discretely Presented Component Units
September 30, 2020

	McKinney Main Street Corporation
ASSETS	
Cash and cash equivalents	$ 116,500
Accounts receivable	2,000
Prepaid items	584
Total assets	119,084
LIABILITIES	
Accounts payable	9,371
Other accrued liabilities	43
Unearned revenue	11,336
Total liabilities	20,750
FUND BALANCES	
NonSpendable	
Prepaid items	584
Unrestricted	97,750
Total fund balance	98,334
TOTAL LIABILITIES AND FUND BALANCE	$ 119,084

City of McKinney, Texas

Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Main Street
Discretely Presented Component Units
For the Year Ended September 30, 2020

Total fund balance - MMS balance sheet	$	98,334
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		162,527
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	260,861

City of McKinney, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
McKinney Main Street
Discretely Presented Component Units
For the Year Ended September 30, 2020

	McKinney Main Street Corporation
REVENUES	
Contributions	$ 1,094
Events	498,555
Total revenues	499,649
EXPENDITURES	
Community development	538,810
Capital outlay	123,203
Total expenditures	662,013
Excess of revenues over expenditures	(162,364)
Fund balance, beginning of year	260,698
FUND BALANCE, END OF YEAR	$ 98,334

City of McKinney, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Main Street
Discretely Presented Component Units
For the Year Ended September 30, 2020

Net change in fund balance - MMS governmental funds	$	(162,364)
Amounts reported for governmental activities in the statement of activities are different because:		
Current year capital outlays are expenditures in the fund financial statements, but are increases to capital assets in the government-wide financial statements.		123,203
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net assets.		(13,391)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(52,552)

McKINNEY
TEXAS
Unique by nature.

Statistical Section

McKINNEY
TEXAS
Unique by nature.

This part of the City of McKinney's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

Contents **Table #s**

Financial Trends **1-4**

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **5-8**

These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.

Debt Capacity **9-13**

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information **14-15**

These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **16-18**

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

City of McKinney, Texas

Net Position by Component
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	$ 284,785,050	$ 274,393,395	$ 279,952,868	$ 252,289,367
Restricted for:				
Use of impact fees	4,061,242	4,549,816	6,700,810	5,692,253
Highways and streets	31,376,277	26,796,515	26,406,329	24,938,952
Debt service	219,454	888,855	1,285,455	1,400,079
Other capital projects	-	-	46,153,392	50,015,128
Public safety	-	573,763	803,777	896,023
Community development	-	309,242	513,456	779,686
Court	-	-	-	-
Library	-	168,894	242,609	248,630
PEG	-	-	-	-
Cultural and recreation	-	6,371	16,109	15,412
Grants and donations	65,005	452,431	425,968	434,681
Unrestricted	64,368,362	78,769,485	41,729,688	56,117,047
Total governmental activities net position	$ 384,875,390	$ 386,908,767	$ 404,230,461	$ 392,827,258
Business-type activities				
Net investment in capital assets	$ 208,847,556	$ 218,424,139	$ 233,112,767	$ 330,408,725
Restricted for:				
Use of impact fees	2,704,125	5,025,467	8,806,302	7,564,939
Debt service	4,980,679	5,324,601	5,528,516	5,601,263
Unrestricted	74,128,202	78,188,714	77,348,628	89,167,306
Total business-type activities net position	$ 290,660,562	$ 306,962,921	$ 324,796,213	$ 432,742,233
Primary government				
Net investment in capital assets	$ 493,632,606	$ 492,817,534	$ 513,065,635	$ 582,698,092
Restricted for:				
Use of impact fees	6,765,367	9,575,283	15,507,112	13,257,192
Highways and streets	31,376,277	26,796,515	26,406,329	24,938,952
Debt service	5,200,133	6,213,456	6,813,971	7,001,342
Other capital projects	-	-	46,153,392	50,015,128
Public safety	-	573,763	803,777	896,023
Community development	-	309,242	513,456	779,686
Court	-	-	-	-
Library	-	168,894	242,609	248,630
PEG	-	-	-	-
Cultural and recreation	-	6,371	16,109	15,412
Grants and donations	65,005	452,431	425,968	434,681
Unrestricted	138,496,564	156,958,199	119,078,316	145,284,353
Total primary governmental net position	$ 675,535,952	$ 693,871,688	$ 729,026,674	$ 825,569,491

Source: Comprehensive Annual Financial Report

Note: Beginning in 2011, net assets reflect the omission of MCVB, which is now reported as a discretely presented component unit.

In addition, beginning in 2012, GASB Statement 54 was adopted which amended fund balance classifications.

Table 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 268,918,693	$ 320,331,134	$ 403,719,522	$ 440,381,046	$ 461,843,548	$ 496,467,289
-	-	-	-	-	19,459,628
28,691,743	32,306,475	32,618,355	39,325,471	18,494,348	-
4,107,035	3,894,517	4,605,297	5,550,814	5,964,590	6,147,185
65,017,451	44,403,282	53,624,967	76,097,635	62,137,151	66,401,069
601,868	614,384	576,119	520,453	439,588	540,844
1,312,903	4,110,258	4,553,868	5,082,730	15,361,571	15,261,023
-	350,172	383,860	415,412	530,241	558,328
224,501	203,093	131,231	84,924	-	-
-	-	-	-	1,864,718	2,078,723
13,751	14,067	10,423	2,628	-	-
269,985	257,398	180,313	178,151	415,799	538,225
34,468,809	44,277,694	69040330	16,826,562	37,373,891	48,100,768
$ 403,626,739	$ 450,762,474	$ 569,444,285	$ 584,465,826	$ 604,425,445	$ 655,553,082
$ 340,775,669	$ 370,316,179	$ 391,997,298	$ 448,604,533	$ 445,241,220	$ 503,427,839
8,995,690	8,407,115	9,415,280	10,286,227	5,913,858	5,467,274
4,248,344	4,338,428	6,420,315	7,015,666	7,974,994	8,818,206
88,825,761	89,348,086	100,155,117	107,923,617	125,098,478	109,449,958
$ 442,845,464	$ 472,409,808	$ 507,988,010	$ 573,830,043	$ 584,228,550	$ 627,163,277
$ 609,694,362	$ 690,647,313	$ 795,716,820	$ 888,985,579	$ 907,084,768	$ 999,895,128
8,995,690	8,407,115	9,415,280	10,286,227	5,913,858	24,926,902
28,691,743	32,306,475	32,618,355	39,325,471	18,494,348	-
8,355,379	8,232,945	11,025,612	12,566,480	13,939,584	14,965,391
65,017,451	44,403,282	53,624,967	76,097,635	62,137,151	66,401,069
601,868	614,384	576,119	520,453	439,588	540,844
1,312,903	4,110,258	4,553,868	5,082,730	15,361,571	15,261,023
-	350,172	383,860	415,412	530,241	558,328
224,501	203,093	131,231	84,924	-	-
-	-	-	-	1,864,718	2,078,723
13,751	14,067	10,423	2,628	-	-
269,985	257,398	180,313	178,151	415,799	538,225
123,294,570	133,625,780	169,195,447	124,750,179	162,472,369	157,550,726
$ 846,472,203	$ 923,172,282	$ 1,077,432,295	$ 1,158,295,869	$ 1,188,653,995	$ 1,282,716,359

City of McKinney, Texas
Changes in Net Position
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses					
Governmental activities:					
General government	$ 23,110,420	$ 21,828,013	$ 20,555,978	$ 33,368,297	$ 27,058,274
Police	20,670,697	21,843,375	23,340,362	26,024,709	25,624,335
Fire	19,772,826	19,636,533	21,432,874	22,806,691	23,727,013
Libraries	3,039,839	3,258,633	3,276,383	3,320,179	3,693,705
Development	8,777,957	8,522,548	9,107,096	10,057,171	13,418,166
Parks and recreation	9,864,370	9,695,909	10,370,483	10,415,311	9,377,277
Public works	32,416,388	33,199,659	35,111,875	37,604,682	39,812,246
Interest on long-term debt	10,161,568	9,514,103	8,912,771	8,482,455	8,019,483
Airport	565,000	565,000	613,513	-	-
Total governmental activities expenses	128,379,065	128,063,773	132,721,335	152,079,495	150,730,499
Business-type activities:					
Water/Wastewater	46,104,008	47,777,509	52,003,461	55,007,446	60,487,007
Solid Waste	6,066,387	6,572,110	6,486,035	6,280,217	6,860,903
Golf Course	224,175	220,140	351,556	194,403	198,663
Surface Water Drainage	1,633,798	1,551,577	1,660,597	1,934,435	1,911,038
Airport	-	-	-	8,601,099	8,859,527
Total business-type activities expenses	54,028,368	56,121,336	60,501,649	72,017,600	78,317,138
Total primary government expenses	$ 182,407,433	$ 184,185,109	$ 193,222,984	$ 224,097,095	$ 229,047,637
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	$ 2,999,584	$ 2,896,926	$ 1,492,078	$ 1,467,171	$ 3,842,116
Police	2,676,107	3,449,850	2,797,246	2,552,326	1,757,760
Fire	1,919,405	1,620,136	2,187,476	2,394,449	2,631,057
Libraries	95,033	106,890	109,709	112,271	108,738
Development	3,958,584	6,299,051	7,296,819	7,264,193	9,825,165
Parks and recreation	1,071,536	1,012,260	1,054,194	965,429	1,031,799
Public works	-	-	-	-	-
Interest on long-term debt	528,000	528,000	528,000	528,000	-
Airport	-	4,767	8,325	2,199	-
Operating grants and contributions	2,772,410	2,343,700	2,459,385	2,446,548	2,051,029
Capital grants and contributions	12,986,318	20,325,797	27,495,901	28,827,649	38,427,242
Total governmental activities program revenues	29,006,977	38,587,377	45,429,133	46,560,235	59,674,906
Business-type activities:					
Charges for Services:					
Water/Wastewater	57,185,108	54,717,547	56,832,659	54,882,881	58,854,349
Solid Waste	6,836,486	6,763,746	6,874,406	7,372,250	7,598,827
Golf Course	110,257	115,177	116,227	105,854	88,890
Surface Water Drainage	1,795,342	1,880,951	1,898,269	1,998,850	2,701,864
Airport	-	-	-	4,587,659	5,801,175
Operating grants and contributions	-	-	-	94,582	67,332
Capital grants and contributions	3,483,388	10,797,849	14,745,211	96,783,997	18,125,746
Total business-type activities program revenues	69,410,581	74,275,270	80,466,772	165,826,073	93,238,183
Total primary government program revenues	$ 98,417,558	$ 112,862,647	$ 125,895,905	$ 212,386,308	$ 152,913,089

Table 2

Fiscal Year				
2016	**2017**	**2018**	**2019**	**2020**
$ 29,952,269	$ 34,346,612	$ 35,050,241	$ 38,767,205	$ 46,445,188
29,047,393	31,471,552	34,855,099	38,968,663	40,922,301
25,631,075	27,403,683	31,326,519	34,465,660	38,322,559
3,774,409	3,819,963	3,968,132	4,100,658	4,022,261
10,222,464	10,745,301	11,992,802	12,283,958	12,353,033
12,526,997	16,517,121	20,227,336	20,027,790	19,863,471
40,143,368	44,061,044	47,181,195	50,529,534	47,001,627
9,020,305	8,457,638	7,617,338	8,593,942	8,777,386
-	-	-	-	-
160,318,280	176,822,914	192,218,662	207,737,410	217,707,826
69,073,537	74,364,452	86,521,086	91,546,894	99,507,052
6,861,627	7,386,715	7,640,500	7,705,838	8,095,655
182,383	192,350	209,085	79,314	77,207
2,098,662	2,771,455	2,531,085	3,054,064	3,457,729
9,340,030	9,797,154	11,332,572	12,083,532	10,467,525
87,556,239	94,512,126	108,234,328	114,469,642	121,605,168
$ 247,874,519	$ 271,335,040	$ 300,452,990	$ 322,207,052	$ 339,312,994
$ 4,327,862	$ 1,734,117	$ 8,566,014	$ 5,507,427	7,507,139
2,033,877	2,894,518	137,611	116,205	394,567
3,346,928	3,628,262	3,256,577	5,521,682	4,561,198
92,746	81,835	52,211	53,199	78,573
10,637,402	13,523,148	10,753,714	9,752,813	9,225,569
1,048,658	3,893,394	5,465,766	5,963,869	3,551,921
-	218,620.00	-	-	1,273,241
-	-	-	-	-
-	-	-	-	-
2,011,757	3,302,214	2,761,779	3,449,974	15,556,748
48,227,810	104,025,218	50,240,637	36,010,288	45,669,617
71,727,040	133,301,326	81,234,309	66,375,457	87,818,573
70,527,096	78,432,191	91,188,605	92,032,171	102,017,917
8,121,069	8,443,042	8,864,585	8,672,740	8,891,283
34,123	34,516	31,086	29,642	82,215
3,517,545	3,587,187	3,756,789	3,907,784	4,076,939
6,411,460	7,149,114	8,315,001	9,639,761	8,513,417
54,753	49,752	32,291	50,000	207,000
30,335,555	30,423,073	38,937,521	18,828,599	28,014,528
119,001,601	128,118,875	151,125,878	133,160,697	151,803,299
$ 190,728,641	$ 261,420,201	$ 232,360,187	$ 199,536,154	$ 239,621,872

(continued)

City of McKinney, Texas

Changes in Net Position – Continued
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2011	2012	2013	2014	2015
Net (Expenses) Revenue					
Governmental activities	$ (99,372,088)	$ (89,476,396)	$ (87,292,202)	$ (105,519,260)	$ (91,055,593)
Business-type activities	15,382,213	18,153,934	19,965,123	93,808,473	14,921,045
Total primary government net expenses	$ (83,989,875)	$ (71,322,462)	$ (67,327,079)	$ (11,710,787)	$ (76,134,548)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	$ 62,862,038	$ 64,193,735	$ 65,707,908	$ 70,586,659	$ 79,819,213
Sales and use taxes	17,265,587	18,392,901	20,364,397	21,298,884	23,041,949
Franchise taxes	12,050,388	12,051,980	12,759,298	13,630,462	13,858,355
Other taxes and fees	1,664,055	846,135	334,465	298,151	434,494
Investment income	-	-	-	-	370,660
Miscellaneous	257,395	618,827	2,593,617	4,282,531	2,833,951
Special item	-	-	-	-	-
Transfers	2,643,302	2,798,302	2,854,211	(15,104,793)	2,965,135
Prior period adjustment	-	-	-	-	(21,468,683)
Total governmental activities	96,742,765	98,901,880	104,613,896	94,991,894	101,855,074
Business-type activities:					
Investment income	1,020,661	924,457	662,230	565,121	663,128
Gain(loss) on sale of capital assets	46,847	22,270	60,150	(851,572)	(92,106)
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	(2,643,302)	(2,798,302)	(2,854,211)	15,104,793	(2,965,135)
Prior period adjustment	-	-	-	-	(2,552,917)
Total business-type activities	(1,575,794)	(1,851,575)	(2,131,831)	14,818,342	(4,947,030)
Total primary government	$ 95,166,971	$ 97,050,305	$ 102,482,065	$ 109,810,236	$ 96,908,044
Change in Net Position					
Governmental activities	$ (2,629,323)	$ 9,425,484	$ 17,321,694	$ (10,527,366)	$ 10,799,481
Business-type activities	13,806,419	16,302,359	17,833,292	108,626,815	9,974,015
Total primary government	$ 11,177,096	$ 25,727,843	$ 35,154,986	$ 98,099,449	$ 20,773,496

Source: Comprehensive Annual Financial Report

Note: Beginning in 2011, net position reflects the omission of MCVB, which is now reported as a discretely presented component unit of the City.

Table 2

Fiscal Year					
2016	**2017**	**2018**	**2019**	**2020**	
$ (88,591,240)	$ (43,521,588)	$ (110,984,353)	$ (141,361,953)	$ (129,889,253)	
31,445,362	33,606,749	42,891,550	18,691,055	30,198,131	
$ (57,145,878)	$ (9,914,839)	$ (68,092,803)	$ (122,670,898)	$ (99,691,122)	
$ 90,581,621	$ 101,593,480	$ 107,281,843	$ 116,385,145	123,658,379	
25,360,264	27,117,534	29,078,546	30,724,015	34,034,802	
14,162,263	14,790,276	16,253,134	16,056,901	15,960,438	
417,981	2,651,192	338,030	340,802	324,892	
1,153,094	2,314,659	3,994,843	8,232,558	4,361,646	
715,114	11,936,004	820,319	692,096	1,442,160	
-	-	-	(15,533,759)	-	
336,638	1,596,987	(20,387,661)	4,426,814	1,338,652	
-	-	(11,376,160)	-	-	
132,726,975	162,000,132	126,002,894	161,324,572	181,120,969	
1,216,134	1,828,821	3,891,835	5,909,199	4,012,688	
-	-	-	-	-	
-	-	-	-	-	
239,486	1,739,619	314,024	225,067	62,560	
(3,336,638)	(1,596,987)	20,387,661	(4,426,814)	(1,338,652)	
-	-	(1,643,037)	-	-	
(1,881,018)	1,971,453	22,950,483	1,707,452	2,736,596	
$ 130,845,957	$ 163,971,585	$ 148,953,377	$ 163,032,024	$ 183,857,565	
$ 44,135,735	$ 118,478,544	$ 15,018,541	$ 19,962,619	$ 51,231,716	
29,564,344	35,578,202	65,842,033	20,398,507	32,934,727	
$ 73,700,079	$ 154,056,746	$ 80,860,574	$ 40,361,126	$ 84,166,443	

(concluded)

City of McKinney, Texas

Fund Balances, Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Non-spendable:					
Inventory	$ -	$ 193,885	$ 210,392	$ 241,881	$ 331,605
Prepaid items	-	304,556	295,637	532,207	852,860
Land held for sale	-	315,194	-	-	-
Note receivable from component unit	-	1,647,500	287,500	-	-
Restricted:					
Law enforcement	-	-	-	-	-
Court	-	-	-	-	-
Assigned:					
APEX	-	-	-	-	-
Capital equip replacement	-	-	-	-	-
Disaster relief	-	-	-	-	-
OPEB	-	-	-	2,026,617	2,485,326
Public & performing arts	-	1,692,681	1,855,500	-	-
Unassigned	-	46,207,763	48,144,225	39,038,915	45,819,513
Reserved for:					
Prepaid items	-	-	-	-	-
Advance to other funds	-	-	-	-	-
Note receivable from component unit	2,917,500	-	-	-	-
Designated					
Insurance risk	1,600,559	-	-	-	-
Unreserved	37,448,127	-	-	-	-
Total general fund	$ 41,966,186	$ 50,361,579	$ 50,793,254	$ 41,839,620	$ 49,489,304
All Other Governmental Funds					
Non-spendable:					
Prepaid items	$ 423,897	$ 18,976	$ 16,174	$ 19,817	$ 48,664
Restricted:					
Debt service	1,261,454	1,719,641	2,240,054	2,917,011	2,917,011
Street construction	31,356,277	31,346,331	33,107,139	30,631,205	64,887,370
Other capital projects funds	36,523,123	36,259,889	46,153,392	50,015,128	65,017,451
Law enforcement	164,887	549,780	768,113	855,456	558,905
Fire	26,858	23,983	35,664	40,567	42,963
PEG	-	-	-	-	1,493,395
Library	384,855	168,894	242,609	248,630	224,501
Community housing	65,005	56,485	90,025	85,617	73,787
Parks	-	6,371	16,109	15,412	13,751
Hotel/Motel	-	309,242	513,456	779,686	1,312,903
Transit	-	-	-	-	-
Grants	150,292	395,946	335,943	349,064	269,985
Assigned:					
Capital equip replacement	-	-	-	-	-
Reserved for:					
Prepaid items	-	-	-	-	-
Debt service	-	-	-	-	-
Street construction	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Unassigned, reported in:					
Special revenue funds	-	-	-	-	918,558
Total all other governmental funds	$ 70,356,648	$ 70,855,538	$ 83,518,678	$ 85,957,593	$ 137,779,244

Source: Comprehensive Annual Financial Report

Note: The City implemented GASB Statement No 54 which amended fund balance classifications in 2011. In addition, beginning in 2011, fund balance reflects the omission of MCVB, which is now reported as a discretely presented component unit of the City.

Table 3

Fiscal Year				
2016	2017	2018	2019	2020
$ 46,072	$ 53,892	$ 44,571	$ 199,357	$ 214,349
1,253,144	3,279,895	7,674,570	4,513,569	3,950,805
-	-	-	-	-
-	-	-	-	-
-	10,972	-	24,393	17,489
350,172	383,860	412,412	530,241	558,328
-	-	-	1,095,519	
-	10,155,890	9,926,152	10,018,610	14,439,146
-	516,552	516,552	516,552	516,552
2,811,040	3,317,131	4,374,343	5,511,473	6,565,427
-	408,640	460,935	464,845	387,047
61,145,601	62,349,115	53,483,079	60,705,461	68,822,244
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ 65,606,029	$ 80,475,947	$ 76,892,614	$ 83,580,020	$ 95,471,387
$ 92,305	$ 91,159	$ 96,403	$ 3,843	$ 773,238
3,894,517	4,605,297	5,550,814	5,964,590	7,261,008
65,976,278	66,288,158	96,232,002	120,407,707	116,715,835
89,308,763	85,952,066	73,143,080	86,739,600	107,003,994
564,486	522,618	488,596	503,467	615,743
49,898	42,529	31,857	41,659	41,946
1,825,885	1,334,050	1,504,203	1,864,718	2,078,723
203,093	131,231	84,924	75,015	52,704
73,536	227,770	224,977	204,597	29,961
14,067	10,423	2,628	109	109
2,210,837	2,919,895	3,805,453	4,610,787	4,995,846
-	72,153	74,813	183,121	309,696
257,398	180,313	178,151	27,623	41,389
-	6,642,090	7,439,148	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(381,595)
$ 164,471,063	$ 169,019,752	$ 188,857,049	$ 220,626,836	$ 239,538,597

City of McKinney, Texas

Changes in Fund Balances, Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2011	2012	2013	2014	2015
REVENUES					
Property taxes	$ 62,717,460	$ 64,194,518	$ 66,252,931	$ 70,362,574	$ 79,955,673
Sales and use taxes	17,265,587	18,342,838	20,335,968	21,278,009	23,041,949
Franchise taxes	11,941,486	12,113,230	12,725,594	13,696,854	13,767,129
Other taxes and fees	-	-	-	-	434,494
Licenses and permits	4,692,292	7,204,700	8,154,941	8,168,583	10,537,838
Intergovernmental	5,861,390	5,656,795	5,832,483	5,405,262	5,434,807
Charges for services	6,040,354	5,892,485	4,957,547	5,074,643	6,721,752
Fines and forfeitures	2,183,023	2,507,707	2,499,512	2,191,902	2,029,116
Investment income	1,284,718	846,135	330,063	291,194	370,660
Contributions	5,224,780	7,438,881	10,030,426	12,053,759	14,229,992
Miscellaneous	265,146	661,477	282,923	367,552	533,192
Total revenues	117,476,236	124,858,766	131,402,388	138,890,332	157,056,602
EXPENDITURES					
General government	20,785,693	19,020,719	19,336,330	30,876,833	22,228,405
Police	19,655,184	20,285,700	22,036,551	24,603,118	25,545,773
Fire	17,930,235	17,302,735	19,409,153	21,004,629	22,848,846
Libraries	2,781,727	2,775,484	2,826,451	2,868,747	3,279,002
Development	8,512,495	8,119,293	8,750,307	9,617,376	10,291,439
Parks and recreation	7,275,824	6,954,994	7,504,161	7,804,340	8,072,018
Public works	10,610,792	10,882,395	11,097,574	12,150,458	13,857,657
Airport	565,000	565,000	613,513	-	-
Capital outlay	22,264,775	13,503,040	16,299,213	34,224,581	24,259,961
Debt service:					
Principal retirement	9,980,000	10,390,000	10,755,000	10,810,000	13,485,000
Interest and fiscal charges	10,254,116	9,466,819	8,823,139	9,304,662	9,434,720
Total expenditures	130,615,841	119,266,179	127,451,392	163,264,744	153,302,821
Excess (deficiency) of revenues over (under) expenditures	(13,139,605)	5,592,587	3,950,996	(24,374,412)	3,753,781
OTHER FINANCING SOURCES (USES)					
Other financing source-issuance of long-term debt	-	14,670,000	24,925,000	56,370,000	45,715,000
Other financing source-issuance of refunding debt	-	-	-	-	-
Deposit to escrow account	-	(16,685,444)	(21,716,799)	(27,119,524)	-
Premium on issuance of debt	-	2,127,248	3,019,430	3,687,285	-
Proceeds from capital lease	-	-	-	-	-
Proceeds from sale of property	105,911	205,236	61,977	25,972	28,488
Transfers in	3,385,024	4,505,981	9,866,340	9,022,444	5,027,413
Transfers out	(741,722)	(1,707,679)	(7,012,129)	(24,127,237)	(2,062,278)
Total other financing sources (uses)	2,749,213	3,115,342	9,143,819	17,858,940	48,708,623
NET CHANGE IN FUND BALANCES	$ (10,390,392)	$ 8,707,929	$ 13,094,815	$ (6,515,472)	$ 52,462,404
Debt service as a percentage of noncapital expenditures	18.7%	18.8%	17.6%	15.6%	17.8%

Source: Comprehensive Annual Financial Report

Note: Beginning in 2011, activity reflects the omission of MCVB, which is now reported as a discretely presented component unit of the City.

Table 4

Fiscal Year				
2016	2017	2018	2019	2020
$ 90,670,647	$ 100,499,796	$ 107,623,520	$ 116,119,443	$ 123,582,887
25,360,264	27,117,534	29,078,546	30,724,015	34,034,802
14,162,263	14,790,276	16,167,036	16,071,697	15,992,927
417,981	353,059	338,030	340,802	324,892
11,484,965	14,883,837	11,495,904	10,621,061	10,280,327
4,249,380	8,742,283	5,060,919	8,023,758	21,000,522
7,941,488	9,791,668	11,218,065	14,010,421	11,993,140
2,061,020	2,134,066	2,105,678	1,977,485	1,083,305
1,153,094	2,314,659	3,994,843	8,232,558	4,361,646
13,117,358	14,274,613	16,539,875	14,441,202	23,528,430
715,114	11,936,005	820,319	692,096	1,407,669
171,333,574	206,837,796	204,442,735	221,254,538	247,590,547
23,766,504	28,600,730	29,039,706	33,980,586	42,185,516
27,074,194	29,519,229	33,382,794	35,807,519	37,706,173
23,588,822	24,934,620	27,961,499	30,805,408	34,353,873
3,379,840	3,382,296	3,533,097	3,624,482	3,530,954
10,074,158	10,397,360	11,670,785	11,789,924	11,911,476
8,977,206	12,822,926	15,349,806	14,308,835	14,517,672
13,007,662	14,329,110	15,961,755	19,608,279	15,719,389
-	-	-	-	-
20,225,428	38,130,013	36,517,520	54,653,933	74,216,993
16,452,929	18,309,211	22,096,915	26,000,736	30,472,459
10,836,635	11,210,643	10,523,333	11,431,733	11,986,567
157,383,378	191,636,138	206,037,210	242,011,435	276,601,072
13,950,196	15,201,658	(1,594,475)	(20,756,897)	(29,010,525)
57,530,000	21,965,000	30,875,000	59,055,000	48,375,000
-	-	-	-	19,225,000
(44,520,122)	(24,461,495)	-	(17,041,496)	(22,303,303)
8,868,878	2,695,707	2,101,985	7,684,725	11,835,261
-	-	-	4,600,000	-
3,436,712	1,648,564	253,724	332,871	447,122
8,778,072	14,421,247	6,775,730	12,770,820	18,689,070
(5,235,192)	(12,255,341)	(22,158,000)	(8,187,830)	(16,350,418)
28,858,348	4,013,682	17,848,439	59,214,090	59,917,732
$ 42,808,544	$ 19,215,340	$ 16,253,964	$ 38,457,193	$ 30,907,207
19.9%	19.2%	19.2%	20.0%	21.0%

City of McKinney, Texas **Table 5**

Assessed Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Residential Property	Commercial Property	Lots, Land and Farms Property	Less: Tax-Exempt Property	Total Taxable Assessed Value[a]	Total Direct Tax Rate
2011	$ 7,727,106,308	$ 2,890,958,467	$ 1,236,326,385	$ 1,174,802,675	$ 10,679,588,485	0.58550
2012	7,987,599,999	2,824,853,811	1,172,661,685	1,138,232,846	10,846,882,649	0.58550
2013	8,191,878,816	2,813,905,174	1,167,916,179	1,145,549,714	11,028,150,455	0.58550
2014	8,912,765,220	2,923,157,524	1,197,788,548	2,104,215,838	10,929,495,454	0.58550
2015	10,330,477,753	3,120,649,093	1,331,499,993	1,308,701,373	13,473,925,466	0.58300
2016	12,029,014,758	3,398,536,705	1,406,368,521	1,506,353,094	15,327,566,890	0.58300
2017	13,788,110,133	3,684,032,886	1,544,443,201	1,714,554,267	17,302,031,953	0.57300
2018	15,746,203,971	4,019,370,476	1,745,114,030	2,156,646,234	19,354,042,243	0.54020
2019	17,585,844,495	4,485,613,005	1,741,806,959	2,237,471,428	21,575,793,031	0.52517
2020	18,893,447,506	5,119,490,210	1,619,160,306	2,385,536,687	23,246,561,335	0.50865

Source: City of McKinney Budget Document
Collin Central Appraisal District

Note: Property in Collin County is reassessed once every five years on average.
The County assesses property at 100% of its market value. Tax rates are per $100 of assessed value.

[a] Includes adjustments to certified rolls
Fiscal Year reports Certified Tax Report from prior calendar year

City of McKinney, Texas — Table 6

Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

	City Direct Rates			Overlapping Rates							
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	McKinney Independent School District	Allen Independent School District	Frisco Independent School District	Melissa Independent School District	Prosper Independent School District	Love Joy Independent School District	Collin County	Collin College District
2011	0.40650	0.17900	0.58550	1.52800	1.54000	1.39000	1.54000	1.63000	1.53500	0.24000	0.08630
2012	0.40506	0.18044	0.58550	1.54000	1.67000	1.42000	1.54000	1.67000	1.53500	0.24000	0.08630
2013	0.41220	0.17330	0.58550	1.54000	1.67000	1.46000	1.54000	1.67000	1.53500	0.24000	0.08630
2014	0.42179	0.16371	0.58550	1.67000	1.67000	1.46000	1.54000	1.67000	1.53500	0.23750	0.08364
2015	0.41544	0.16756	0.58300	1.67000	1.64000	1.46000	1.54000	1.67000	1.56000	0.23500	0.08196
2016	0.40997	0.17303	0.58300	1.67000	1.61000	1.46000	1.67000	1.67000	1.56000	0.22500	0.08196
2017	0.40177	0.17123	0.57300	1.62000	1.59000	1.46000	1.67000	1.67000	1.67000	0.20840	0.08122
2018	0.37561	0.16459	0.54020	1.62000	1.57000	1.46000	1.67000	1.67000	1.67000	0.19225	0.07981
2019	0.36239	0.16278	0.52517	1.59000	1.55000	1.44000	1.67000	1.67000	1.67000	0.18079	0.08122
2020	0.35539	0.16021	0.51560	1.48835	1.45890	1.33830	1.56835	1.56835	1.56835	0.17495	0.08122

Source: Collin Central Appraisal District

City of McKinney, Texas **Table 7**

Principal Tax Payers

Current Year and Ten Years Ago (Unaudited)

Taxpayer	2020 Taxable Assessed Value	2020 Rank	2020 Percentage of Total City Taxable Assessed Value[a]	2011 Taxable Assessed Value	2011 Rank	2011 Percentage of Total City Taxable Assessed Value[b]
Encore Wire Corporation	$ 269,516,658	1	1.16%	$ 109,563,537	1	1.03%
Raytheon Tl Systems	106,372,847	2	0.46%	74,913,311	2	0.70%
Craig Ranch PT MFA I LP (Parkside At Craig Ranch)	104,141,000	3	0.45%	-		-
WRI A 14-7 LLC	68,255,432	4	0.29%	-		-
NREA Retreat DST	66,300,000	5	0.29%	-		-
Fairways Wilson Creek Apartments LLC	62,661,410	6	0.27%	-		-
West Eldorado TX Partners LLC (Saxon Woods)	61,300,418	7	0.26%	33,200,000	10	0.31%
TMK Properties LP	65,656,916	8	0.28%	-		-
Oncor Electric Delivery Co.	59,455,396	9	0.26%	49,872,298	4	0.47%
WMCI Dallas VI LLC	58,711,095	10	0.25%	-		-
Columbia Medical Center of McKinney	-		-	50,564,525	3	0.47%
Mid-America Apartments LP	-		-	43,500,000	5	0.41%
Blockbuster Video Inc	-		-	38,339,381	6	0.36%
Covington Cameron Acquisition LLC	-		-	36,800,000	7	0.34%
McKinney Towne Crossing LP	-		-	35,901,000	8	0.34%
Lowe's Home Centers, Inc.	-		-	35,524,495	9	0.33%
Total	$ 922,371,172		3.97%	$ 508,178,547		4.76%

Source: Collin County Tax Assessor and Collector

Notes: [a] Taxpayers are assessed on January 1, 2019 (2019 tax year) for the 2020 fiscal year.

[b] Taxpayers are assessed on January 1, 2010 (2010 tax year) for the 2011 fiscal year.

City of McKinney, Texas **Table 8**

Ad Valorem Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Amount	Percentage of levy	Collections in Subsequent Years	Amount	Percentage of levy
2011	$ 63,053,295	$ 61,902,188	98.17%	$ 1,101,019	$ 63,003,207	99.92%
2012	64,122,059	63,014,520	98.27%	1,062,274	64,076,794	99.93%
2013	65,378,013	64,302,483	98.35%	1,037,660	65,340,143	99.94%
2014	70,563,166	69,377,804	98.32%	1,139,454	70,517,258	99.93%
2015	79,066,444	78,046,228	98.71%	967,269	79,013,497	99.93%
2016	89,450,362	88,635,948	99.09%	739,112	89,375,060	99.92%
2017	99,316,026	98,638,066	99.32%	589,477	99,227,543	99.91%
2018	105,888,069	105,628,137	99.75%	150,698	105,778,835	99.90%
2019	115,087,889	114,771,851	99.73%	128,665	114,900,516	99.84%
2020	122,809,263	122,267,894	99.56%	-	122,267,894	99.56%

Source: Collin County Tax Assessor and Collector

City of McKinney, Texas **Table 9**

Ratio of Outstanding Debt By Type
Last Ten Fiscal Years (Unaudited)

	Governmental Activities				Business-Type Activities				
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Other Obligations	Water and Sewer Revenue Bonds	Other Obligations	Total Primary Government	Percentage of Personal Income[a]	Per Capita[a]
2011	$ 145,415,000	$ 72,310,000	$ -	$ 4,931,501	$ 78,635,000	$ 397,025	$ 301,688,526	7.25%	$ 2,258
2012	140,685,000	64,990,000	-	9,127,211	74,040,000	751,312	289,593,523	6.73%	2,128
2013	132,770,000	65,835,000	-	13,003,078	68,980,000	1,637,718	282,225,796	6.20%	2,004
2014	144,245,000	68,875,000	4,910,000	8,353,993	64,415,000	1,786,567	292,585,560	6.00%	1,969
2015	192,241,210	66,151,279	5,031,638	1,732,249	66,009,020	-	331,165,396	6.50%	2,135
2016	210,133,796	54,330,000	3,792,501	1,379,321	79,937,575	-	349,573,193	6.36%	2,159
2017	202,283,166	43,080,000	2,540,676	1,095,110	114,746,638	-	363,745,591	6.16%	2,161
2018	213,360,338	41,200,000	1,276,423	803,196	119,652,993	-	376,292,950	5.97%	2,093
2019	242,236,416	35,045,000	-	4,552,459	148,292,986	-	430,126,861	5.88%	2,290
2020	272,681,323	32,330,000	-	-	161,152,389	-	466,163,712	6.02%	2,386

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a]See Table 14 for personal income and population data.

City of McKinney, Texas **Table 10**

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds	Certificates of Obligation	Tax Notes	Total	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
2011	$ 145,415,000	$ 72,310,000	$ -	$ 217,725,000	2.04%	$ 1,629
2012	140,685,000	64,990,000	-	205,675,000	1.90%	1,512
2013	132,770,000	65,835,000	-	198,605,000	1.80%	1,410
2014	144,245,000	68,875,000	4,910,000	218,030,000	1.99%	1,468
2015	192,241,210	66,151,279	5,031,638	263,424,127	1.96%	1,698
2016	210,133,796	54,330,000	3,792,501	268,256,297	1.75%	1,657
2017	202,283,166	43,080,000	2,540,676	247,903,843	1.43%	1,472
2018	213,360,338	41,200,000	1,276,423	255,836,761	1.32%	1,423
2019	242,236,416	35,045,000	-	277,281,416	1.29%	1,476
2020	272,681,323	32,330,000	-	305,011,323	1.31%	1,561

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a]See Table 5 for property value data.

[b]See Table 14 for population data.

City of McKinney, Texas **Table 11**

Legal Debt Margin Information
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Tax Rate Limit	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.5855	0.5855	0.5855	0.5855	0.5830	0.5830	0.5730	0.5402	0.5252	0.5156
Available Tax Rate	$ 1.91	$ 1.91	$ 1.91	$ 1.91	$ 1.92	$ 1.92	$ 1.93	$ 1.96	$ 1.97	$ 1.98

Note: The City Charter of the City of McKinney, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation. No direct bond debt limitation is imposed on the City under current state law or the City's Charter.

City of McKinney, Texas **Table 12**

Direct and Overlapping Governmental Activities Debt
September 30, 2020 (Unaudited)

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable[a]	McKinney Share of Overlapping Debt
Debt repaid with property taxes			
McKinney ISD	$ 488,540,000	98.618%	$ 481,786,406
Collin College District	596,311,827	15.689%	93,558,235
Collin County	487,405,000	15.678%	76,415,102
Allen ISD	551,873,445	8.468%	46,734,301
Frisco ISD	1,991,221,492	14.972%	298,129,214
Melissa ISD	307,595,019	6.185%	19,024,674
Prosper ISD	924,423,391	25.572%	236,392,713
Lovejoy ISD	157,942,326	2.419%	3,820,827
Subtotal, overlapping debt	5,505,312,500		1,255,861,471
City of McKinney (direct debt)	305,011,323	100.00%	305,011,323
Total direct and overlapping debt			$ 1,560,872,794

Source: Assessed value data used to estimate applicable percentages provided by Collin County Central Appraisal District. Debt outstanding data provided by each governmental unit.

Note: [a] The percentage of overlapping debt applicable is estimated using taxable assessed property values (before freeze loss). Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

City of McKinney, Texas **Table 13**

Pledged-Revenue Coverage

Last Ten Fiscal Years (Unaudited)

	Water and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2011	$ 57,912,585	$ 35,956,535	$ 21,956,050	$ 5,402,317	4.06
2012	55,403,332	37,820,688	17,582,644	4,979,317	3.53
2013	57,208,779	41,360,736	15,848,043	4,523,586	3.50
2014	55,313,403	44,364,584	10,948,819	4,155,783	2.63
2015	59,442,114	49,810,061	9,632,053	4,110,810	2.34
2016	71,714,020	57,597,770	14,116,250	4,861,938	2.90
2017	80,127,546	61,991,651	18,135,895	7,052,254	2.57
2018	94,797,855	71,430,215	23,367,640	7,357,075	3.18
2019	97,348,390	75,818,700	21,529,690	9,099,568	2.37
2020	105,594,093	82,259,416	23,334,677	9,738,690	2.40

Note: [a]Includes operating and investment income.

[b]Includes operating expenses minus depreciation.

[c]Includes Principal and Interest (represents average annual requirement)

City of McKinney, Texas **Table 14**

Demographic and Economic Statistics
Last Ten Calendar Years (Unaudited)

Year	Estimated Population[a]	Personal Income[b]	Per Capita Personal Income[e]	Median Age[e]	Median Household Income[d]	School Enrollment[c]	Unemployment Rate[d]
2011	133,619	$ 4,158,624,137	$ 31,123	31.7	$ 77,405	24,730	8.10%
2012	136,067	4,304,479,545	31,635	32.0	78,256	24,461	5.90%
2013	140,826	4,550,088,060	32,310	33.6	79,171	24,533	5.60%
2014	148,559	4,880,014,591	32,849	30.6	81,118	24,791	4.50%
2015	155,142	5,096,259,558	32,849	33.0	81,118	24,765	3.40%
2016	161,905	5,495,217,605	33,941	33.3	82,988	24,827	3.60%
2017	168,358	5,906,672,072	35,084	34.6	83,257	25,992	3.30%
2018	179,804	6,308,243,536	35,084	35.9	93,546	24,666	3.30%
2019	187,802	7,314,700,098	38,949	36.4	90,725	24,717	3.00%
2020	195,342	7,740,817,434	39,627	37.0	89,828	24,590	6.50%

Sources: [a] Source Data: McKinney Planning Department as of January 1st for each respective year.

[b] Personal income calculated by multiplying estimated population by per capita personal income.

[c] Source Data: McKinney Independent School District

[d] Source Data: Texas Workforce Commission for month ending September

[e] Source Data: US Census Bureau

City of McKinney, Texas **Table 15**

Principal Employers

Current and Ten Years Ago (Unaudited)

	2020			2011		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Raytheon Space & Airborne Systems	3,096	1	2.97%	3,700	1	5.93%
MISD	2,800	2	2.69%	2,582	2	4.14%
Torchmark	1,640	3	1.57%	800	8	1.28%
City of McKinney	1,369	5	1.31%	854	6	1.37%
Encore Wire	1,350	4	1.29%	800	7	1.28%
Collin College	852	7	0.82%	622	10	1.00%
Baylor	700	8	0.67%	-		0.00%
Medical City McKinney	670	6	0.64%	1,105	5	1.77%
Timber Blinds	350	9	0.34%	-		0.00%
Watson & Chalin	350	10	0.34%	800	9	1.28%
Collin County	-		-	1,581	3	2.53%
Latimore Materials	-		-	1,100	4	1.76%
Total	13,177		12.64%	13,944		22.34%

Source: Top Ten Employer data provided by McKinney Economic Development Corporation, McKinney ISD, Collin College
Total City Employment provided by Texas Workforce Commission (TWC).

City of McKinney, Texas **Table 16**

Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
Function/Program	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
General government	102.5	91.0	98.5	101.5	109.8	121.8	124.0	131.0	134.0	141.5
Police	207.0	206.0	219.0	236.0	238.0	244.0	261.0	275.0	289.0	298.0
Fire	166.7	164.5	167.5	171.5	174.5	188.0	191.0	195.0	221.0	227.0
Libraries	34.8	32.8	38.6	38.6	40.0	41.0	41.0	41.0	42.9	44.8
Development	97.0	81.5	82.5	92.0	95.0	96.0	101.5	109.5	113.5	116.5
Parks and recreation	84.0	85.0	87.0	87.0	91.8	147.4	155.9	192.3	202.9	206.9
Public works	61.7	61.7	61.4	66.9	71.1	75.8	74.5	78.5	83.5	87.5
Water/wastewater	74.7	74.7	73.0	77.4	80.6	94.6	103.1	109.5	117.0	127.5
Surface water drainage	11.0	11.0	11.0	14.3	14.3	15.3	16.5	16.5	18.5	22.5
Solid Waste	12.0	12.0	12.0	13.0	13.0	13.0	14.5	16.0	16.5	20.5
Airport	-	-	-	23.0	23.5	23.0	24.0	24.0	25.0	29.0
Total[a]	851.4	820.2	850.5	921.1	951.5	1,059.9	1,107.0	1,188.3	1,263.8	1,321.7

Source: City of McKinney Budget Book

[a] Excludes: McKinney Airport (MADC), Economic Development (MEDC), Community Development (MCDC), and Visitor's Bureau (MCVB) employees

City of McKinney, Texas

Operating Indicators by Function/Program

Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year 2011	2012	2013	2014	2015
Police					
Number of police officers	161	161	187	188	192
Number of violations (citations)[a]	18,754[a]	17,366	14,944	16,966	14,524
Fire					
Number of fire fighters	151	153	159	161	162
Number of fire suppression runs	3,598	2,883	3,716	4,571	4,828
Number of EMS runs	6,180	6,936	6,613	7,170	7,642
Development Services					
Construction permits issued[b]	1,140	1,433	1,897	1,680	2,072
Estimated valuation[b]	$ 407,386,347	$ 667,398,668	$ 790,302,673	$ 687,820,980	$ 972,479,911
Public Works					
Streets paved (miles)	11	15	13	4	4
Street signs repaired/installed	1,671	1,260	1,299	1,750	2,979
Parks and Recreation					
Park land and municipal acreage maintained	1,708	1,834	1,834	1,834	1,834
Rounds of golf	33,064	34,400	35,121	31,400	28,500
Library					
Volumes in collection[c]	219,704	227,585	232,814	232,814	223,674
Annual circulation	1,095,739	1,179,539	1,205,789	1,205,789	1,401,625
Water and Wastewater					
Number of water customers	42,946	44,644	46,791	49,456	51,636
Average daily water consumption (millions of gallons)	28.5	28.5	26.7	24.0	25.3
Maximum storage capacity (million of gallons)	44.0	44.0	44.0	46.0	48.0
Solid Waste					
Recyclables collected (tons)[d]	18,482	19,651	21,675	23,480	19,723
Solid waste collected (tons)	114,936	117,587	123,928	127,467	138,488
Airport[e]					
AvGas Gallons Sold	-	-	-	-	158,549
Jet Fuel Gallons Sold	-	-	-	-	986,105
Aircraft Operations	-	-	-	-	105,232

Table 17

Fiscal Year				
2016	2017	2018	2019	2020
193	209	209	218	226
13,380	17,504	13,767	12,393	7,206
177	183	186	208	209
3,373	3,700	4,753	4,283	4,952
9,537	10,333	10,297	10,965	9,866
2,323	2,758	2,582	1,900	1,774
$ 1,013,504,432	$ 1,312,108,523	$ 1,111,169,537	$ 1,090,531,103	$ 969,827,052
3	6	2	5	7
1,483	835	1,330	1,036	1,800
1,857	1,834	1,952	2,000	2,754
27,314	27,138	23,958	22,300	38,718
217,402	210,936	209,120	200,996	202,473
1,640,857	1,741,330	1,820,255	1,869,938	1,032,887
52,922	56,512	58,955	60,730	62,398
28.8	28.8	32.2	33.2	33.3
62.0	62.0	62.0	62.0	62.0
19,991	22,390	28,550	23,815	21,877
135,425	141,923	148,247	146,859	147,295
186,763	202,756	211,833	237,586	202,061
1,167,799	1,180,926	1,272,211	1,438,943	1,122,852
118,684	132,349	154,492	157,523	140,867

City of McKinney, Texas

Table 18

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units[a]	120	120	126	141	153	153	144	151	153	157
Motorcycle Units	8	8	7	7	9	9	7	8	8	9
Skywatch Towers	2	2	2	2	2	2	2	2	3	2
Trailers	-	-	-	4	8	8	9	5	6	4
Fire										
Stations	8	8	8	8	8	8	8	9	9	10
Public Works										
Streets-Paved (miles)[c]	747.0	762.0	778.0	823.0	823.0	1,200.0	1,400.0	792.0	1,389.7	1,433.4
Streets-Graded (miles)[c]	16.0	16.0	16.0	15.6	16.8	16.8	10.1	10.1	191.1	220.9
Streets-Unimproved (miles)	14.0	14.0	14.0	3.5	1.4	1.4	2.5	16.9	21.6	40.6
Alleys (miles)	78.0	78.0	71.2	78.0	78.0	73.0	73.0	71.3	74.8	74.8
Street lights (Including US 75)	5,901	5,901	6,147	6,333	6,776	6,790	6,790	7,651	8,682	9,167
Parks and Recreation										
Park Acreage	2,025	2,082	2,432	2,247	2,247	2,310	2,396	2,509	2,509	2,550
Public Parks	36	39	40	40	40	41	41	40	44	44
Community/Recreation Centers	3	3	3	3	3	3	4	4	4	4
Public Swimming Pools	3	3	3	3	3	3	4	4	4	4
Splash Pads	7	7	7	7	7	8	8	8	9	9
Baseball/Softball Diamonds	27	27	27	27	27	27	27	27	27	27
Tennis Courts	2	13	13	13	13	13	13	13	23	24
Soccer Fields (regulation size)	22	22	22	22	22	22	22	22	22	25
Disc Golf Course	2	2	2	2	2	2	2	2	2	2
Dog Park	-	-	-	1	1	1	1	1	1	1
Skate Park	-	-	1	1	1	1	1	1	1	1
Ice Rink[b]	1	1	1	1	1	1	1	1	1	1
Municpial Golf Course[b]	1	1	1	1	1	1	1	1	1	1
Library	2	2	2	2	2	2	2	2	2	2
Water and Wastewater										
Storage capacity (million gallons)	44.0	44.0	46.0	46.0	48.0	62.0	62.0	62.0	62.0	62.0
Water Mains (miles)	787.0	806.0	820.0	1,020.0	826.0	868.0	928.0	960.0	979.0	999.0
Fire Hydrants	7,007	7,473	7,734	7,823	8,030	8,384	9,042	9,466	9,769	10,173
Storm Sewer (miles)	266.0	396.0	406.0	428.0	430.0	450.0	483.0	499.0	520.0	532.5
Sanitary Sewers (miles)	630.0	620.0	662.0	672.0	628.0	653.0	693.0	713.0	718.5	731.0
Airport	1	1	1	1	1	1	1	1	1	1
Dedicated airport property (acres)	745	745	745	745	745	745	774	774	935	935
Runway length (ft) x width (ft)	7,001x100	7,002x150	7,002x150	7,002x150	7002x150	7002x150	7002x150	7002x150	7002x150	7002x150

Source: City Departments

Note: [a] Per Police Department
[b] City owned, privately operated
[c] Changed from lane miles to center lane miles in FY19

This publication can be made available upon request in alternative formats, such as, Braille, large print, audiotape or computer disk. Requests can be made by emailing contact-adacompliance@mckinneytexas.org.

Please allow at least 48 hours for your request to be processed.

McKINNEY®
TEXAS
Unique by nature.

www.McKinneyTexas.org